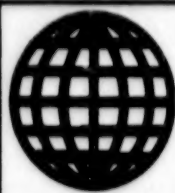


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13 SEPTEMBER 1990



**FOREIGN
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JPRS Report

Soviet Union

Economic Affairs

Soviet Union

Economic Affairs

JPRS-UEA-90-033

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ECONOMIC POLICY, ORGANIZATION, MANAGEMENT

Shatalin Interviewed on Reforms, Changes in Economic Thinking

904A0567A Novosibirsk *EKONOMIKA I
ORGANIZATSIYA PROMYSHLENNOGO
PROIZVODSTVA (EKO) in Russian*
No 7, Jul 90 pp 33-41

[Interview with Stanislav Sergeyevich Shatalin, member of the Presidential Council, member-secretary of the Economics Department of the USSR Academy of Sciences, by A.A. Simonyan, candidate of economic sciences, EKO deputy editor in chief: "It Is Not a Question of Intensifying Fear"; date and place not given]

[Text]

[Simonyan] Esteemed Stanislav Sergeyevich, what in your opinion are the state of economic science and the principal tasks and directions in the work of the Economics Department?

[Shatalin] I am aware of the complexity and magnitude of the tasks facing economic science. Another reason I took this job is that the department was previously headed by Abel Gezevich Aganbegyan, former EKO editor in chief; we have worked together for a long time.

The difficulties in carrying out the radical economic reform have resulted in large part from the low level of competence. This is seriously hindering the creation of a normal market economy with all its inherent attributes. We have to plainly state that economics education in our country, and indeed economic science as a whole, is based on the conceptions of the last century. There are, of course, up-to-date and sophisticated scientists and able young people, but the general pattern can no longer satisfy anyone.

Everyone must do his job professionally. I understand that it would be incorrect to live in society and limit oneself solely to pure science, to theoretical constructs not related to practice in the economy. Nevertheless, we must bring about all the conditions today so as to increase sharply the level of economic science and education in the field of economics. We need to deepen contacts with Western economists, and they gladly undertake cooperation with us, we need to translate the basic economic literature, send more of our young people abroad for training so that they see those requirements which economists must meet today.

Recently, I have been very much disturbed that our economic science has slowed down somewhat in its development. I recall the period of the sixties, when the school of mathematical economics took shape, and the sphere of economic research was spreading very rapidly. Two giant institutes—the Central Mathematical Economics Institute [TsEMI] of the USSR Academy of

Sciences and the Institute for the Economics and Organization of Industrial Production of the Siberian Department of the USSR Academy of Sciences—were the leaders in the field of mathematical economics. Unfortunately, TsEMI nearly collapsed in front of our eyes. Instead of strengthening the institute, they tried to break it up into pieces artificially. The objection might be made to this that there ought not to be a monopoly in science. I agree, but I do not think that monopoly in science can be eliminated by dispersing institutes or dividing them up. Reorganization of this kind is nothing more than moving the most professional personnel from one pocket to another, but by no means does it signify demonopolization, nor competition.

[Simonyan] The problem of ownership, above all the specifically theoretical problem, has taken on a strong applied aspect in the course of perestroika. What is your opinion about the fate of state ownership and other forms of ownership?

[Shatalin] I associate state ownership above all with the infrastructural sectors of the economy. The state must support the natural and environmental potential and work out only the most formidable problems of the national economy. In other spheres, we need to get away from state ownership as rapidly as possible. To be frank, "blowing up" state ownership has been one of the principal tasks of the reform. When bureaucratic-fiscal state ownership is combined with self-management of work collectives or the joint stock form, that kind of degovernmentalization is economic nonsense. The latter cannot be state enterprises with respect to their economic purpose. The state can own stock of profitable enterprises, but they do not thereby become state property.

Stating the argument in the terms of economic pluralism, we often take as our point of departure the presumption of innocence of state ownership, we want other forms of ownership to prove their right to exist. This is incorrect—state ownership (not including the facilities of the infrastructure) has experienced bankruptcy. This has been proven, and there can be no compromise in evaluating what has happened. That is why it seems to me it is the other types of ownership that have presumed innocence, although the question of spheres in which the various forms of economic activity can be used is by definition improper. But state ownership must prove in what spheres it can be effective.

There is no reason to think that an economy can operate without diversity. It is a system of enclaves, giants, medium-sized and small enterprises in various sectors and branches, various types of technologies, and so on. Not for show, but in real competition each type of ownership must find its niche in the economic structure and in that way contribute to creation of the motivational mechanism which will at least be equal to the motivational mechanism of the West.

[Simonyan] The burden of our economic theory is heavy when you take up the problem of economic motivation....

[Shatalin] It is idle today to speak about ownership, production relations, wage labor, and so on, on the basis of our old traditional conceptions. To be honest, to me it seems demagoguery to argue that we need to abolish exploitation of man by man, that wage labor must not exist, and so on. If you buy the stock of some enterprise, do you thereby become a private owner and are you exploiting the labor of someone else? You have after all earned your money honestly. At present, I am a member of the academy, not a private owner, and I earn my money without exploiting anyone. But as soon as I invest resources, say, in "Uralmash," it turns out that I become a private entrepreneur, since I am exploiting someone else's labor? We need to get away from that kind of demagoguery. What is more, I would stop using that hackneyed formula—alienation of the worker from the means of production—which, it needs to be plainly stated, is false Marxism. We have to look at such things from the positions of the 20th century and see that the capitalist, the private owner, is by no means a vampire sucking the last drop of blood from an impoverished working class.

[Simonyan] A constructive theory of the economic mechanism is needed. What are its general characteristics, in your view?

[Shatalin] We must first of all understand that today our economy has entered upon a different path of development. It is moving away from the model of a barter economy and moving closer to a market-money economy in which the scarce product is money and there are plenty of goods. In our country right now it is the other way around. We need a solid theory of the economic mechanism, not merely the conceptual discussions to which we have become accustomed, but an appropriate set of instruments—mathematical-economic simulation models, models of cost accounting, of supply, at least from the standpoint of resources.

The problem of social welfare has great importance: social policy, social consumption funds, and pension coverage. This is not merely an outcry about helping people, but a question of creating a reasonable theory concerning social welfare institutions that would protect the workers, including protection against unemployment, and so on. We seem to have acknowledged the concept of the gross national product, but in practice it is not becoming the principal indicator at all. And although in a year that has been difficult for the economy we have not reduced capital investments in the service sector, we are still continuing to look upon this sphere as a social make-weight. It is incorrect to suppose that outlays for social services are a deduction from the national product. On the contrary, an intelligent politician or economist must understand that outlays for this sphere, aside from their principal function (social humanization, protection of a human being), at the same time carry a

strong economic load. This is a complicated matter for our economic theory, and here we have food for serious thought.

[Simonyan] How do you evaluate the socioeconomic situation in the country?

[Shatalin] It is no secret that this is a crisis situation, but it is not a question of intensifying fear, but of evaluating the real situation. If in the very near future we do not take major steps, the situation in the country could prove to be still more serious. In 1989, according to statistical data, industrial production rose 1.7 percent, the gross national product 2.4 percent, and so on. So, we have only the slightest growth. The knockout blow is that the growth of money income exceeded the commodity coverage. This is a blow to balance on the consumer market, to the purchasing power of the ruble, to confidence in our government. We should not forget that a rise in commodity turnover, which is also inflationary, is not in and of itself capable of normalizing the situation. We have in essence opened the gate to the transformation of noncash money into cash, and all the funds of cost-accounting enterprises are used for this purpose through various machinations. People have devised a multitude of ways of inflicting still greater harm on their own economy.

But the indicators of materials intensiveness and resource intensiveness have improved somewhat, and profit is rising in a number of sectors and branches. In short, the economy is beginning to become more dynamic. But now we need rapid and comprehensive steps that have been well-thought-out.

[Simonyan] Were those first improvements related to the cooperatives?

[Shatalin] Still nothing has been done to improve the material and technical supply of the cooperatives, to improve taxation, and so on. We also need to define the profile of their activity more precisely. In 1986, the cooperatives produced 6 billion rubles' worth of goods, and now 37 billion worth. It is important that these amounts represent real products or services delivered to the market. There is a great deal of foam here, deception. Nevertheless, we cannot fail to count on this way of stabilizing the market. We clearly are not making full enough use of the cooperative sector of the economy.

And at the same time we are going terribly slowly with leasing, with solving agricultural problems. It needs to be stated plainly: The February Plenum of the CPSU Central Committee (1990) left people with a sense of dissatisfaction with halfway measures. They expected more vigorous moves from it. That is why it is understandable that many deputies from the agricultural sector, and they are not alone, are beginning to put pressure on the government, demanding improvements in both material supply and also economic relations, and also demanding solution of the problem of ownership of land, leasing, the fate of kolkhozes and sovkhoses, and so on.

I am in favor of diversity of all forms of ownership. We should not, of course, immediately disband the kolkhozes and sovkhozes. They will fail themselves if they cannot keep up with normal economic competition. Then we will no longer subsidize them, but we will be able to obtain the necessary quantity of grain from other sources and give up importing it.

[Simonyan] In other words, you favor a reasonable degree of radicalism?

[Shatalin] Yes, I am no advocate of categorical statements (such as immediately abolishing the kolkhozes and sovkhozes). Why do we need these processes anyway, this hysteria to the effect that we are perishing, and so on? The main thing is that we should not lose our heads, we need to preserve our calm and the judiciousness of our assessments. As an advocate of certain convictions, I do not fully understand the temperament of those who are demanding rigid radical measures, and I do not intend to join them in helping a further collapse of our economy.

We need consensus, but not a consensus heedless of principle. We need to save the nation in the broad sense of the word. In doing that, we have no need for extremists. I stand with those people who say that the reform is going slowly, that it needs to be speeded up.

[Simonyan] To what extent is the experience of reforms in Eastern Europe applicable in our country?

[Shatalin] I do not think that we should copy it blindly. For example, Hungary is a country with a single nationality, it has a developed infrastructure, it is located in the center of Europe, and, of course, the reforms being carried out there will go considerably faster than in our country. Yet when certain economists believe that in two or three years we will also be able to radically alter the situation in the country, this seems idle, to say the least. We need to act more quickly, more decisively, and so on. I have seen that this need is being felt at the very top. We need to plainly state that the gene pool of our nation is great, our people are very intelligent, although somewhat naive. But there is also a limit to their patience. Napoleon said that even hatred has a limit.

[Simonyan] It has become evident to me that you doubt the authenticity of the figures of USSR Goskomstat [State Committee for Statistics]. Do you have confidence in the "new statistics"?

[Shatalin] If as in the past the ratio of our national income to that of the United States is estimated at 86 percent or something in that spirit, I will, of course, cease to believe Goskomstat. But I do not know all the methodology of the calculations for 1988 and 1989. I do not want to be categorical, but I do have doubts, say, about the authenticity of the physical indicators. The desire of V.N. Kirichenko, chairman of Goskomstat, to bring statistics up-to-date deserves respect. Bureaus of the Economics Department of the USSR Academy of Sciences and USSR Goskomstat have a joint laboratory.

What is more, we have agreed that the Economics Department will oversee all statistical operations from the scientific standpoint in order to arrive at a professional understanding of a number of problems. It seems to me that the individual also determines the office. As far as I can see, everyone has become convinced that the Goskomstat chairman is an intelligent and honest man who sincerely wants to make Soviet statistics normal. He has already made contacts with world statistics, with its organizations. And I have no doubt that essential changes for the better will take place in statistics.

Finally, the political conditions have today been created for statistics to become honest. You are aware that in earlier times in the East they beheaded the messenger who brought bad news. In essence, those are the conditions under which Goskomstat has been living.

[Simonyan] I have heard that economic scientists were not as a rule recruited to draft plans for socioeconomic development. Is that so? Or is it simply that their proposals were not always given consideration?

[Shatalin] As far as I know, economists, sociologists, and philosophers have taken part not only in preparing the material for the radical economic reform, but throughout the program of perestroika as a whole. Denying that would be outright slander. It is another matter that the Economics Department as a scientific center has not had a large part to play in drafting that program. That situation disturbs me greatly. I would like to see the Economics Department, along with the Academy of the National Economy and other authoritative institutions undertake to draft a conception of our future course as an alternative. By no means to spite the government, not on behalf of a wrongly conceived alternative, but on the basis of the general goals of renewing the economy, although I see nothing terrible about opposition to the government.

As a matter of fact, many of our proposals were not adopted. But I cannot be an egoist and believe that if something of mine is not adopted, then everything is bad. A few of my proposals, you know, have also been accepted, but I am not locking myself up in my office as though it were a monk's cell and I am not posturing. The main thing is that economists must first of all resent themselves. Let them grow wiser, improve their competence and professionalism. Then the people will say that you have been of definite use by taking part in drafting the program. Incidentally, John Maynard Keynes was awarded the title of lord for having raised the level of economic thought of the nation.

[Simonyan] What is your attitude toward the changes in the structure of the USSR Academy of Sciences, in particular toward creation of the Russian Academy?

[Shatalin] Both in the plenum of the CPSU Central Committee and in the Presidium of the Academy of Sciences I opposed creation of the Russian Academy. The Russian Academy existed until 1917, when we called it the Russian Empire, referring to the fact that it

included both Russians and Caucasians and Central Asia as well as other regions of our country. So that here we need to be absolutely precise. That is why only the USSR Academy of Sciences could be the real successor to the Russian Academy.

By creating the Russian Academy, it seems to me, we are in some respects incorrectly assessing the role of Russia in our union. We are a large nationality, and for that reason must be very circumspect concerning the position of the small nationalities. I am Russian by nationality, I would like to emphasize that. I do not like it when people say with chauvinistic overtones that Russia has been plundered. There is, of course, a problem here. Russia shed a great deal of blood during the war and so on. I love Russia very much, the people who at one time went off to the West, I love Yesenin, Pushkin, Lermontov, Dostoyevsky, Tolstoy, Blok, Berdyayev as a great Russian philosopher, but I cannot divide people into Russians and non-Russians. I prefer to divide them on the basis of another principle—ordinary, honest, fair, wise, and ready to discuss all manifestations of both Russian chauvinism and nationalism. It is only important that our platform be a platform of bloodless actions.

[Simonyan] Having become a member of the Presidential Council, you have left the parliamentary struggle behind. What has it taught you?

[Shatalin] I am ready to enter into dialogue with everyone who does not shed blood and is not trying to steer us off to the side. Everywhere in the civilized countries they simply prohibit any party which incites racial discord. We have that same right, and we need to be strict in putting a stop to all extremist outbursts. We need a normal human dialogue. My appeal to everyone is that we truly become an increasingly consolidated people.

[Simonyan] And the last question. As a new member of the editorial collegium of the journal EKO, what do you consider necessary to further improvement of the quality of the articles?

[Shatalin] You know, I have such a great liking for your, and now also my, journal that I do not want to make even one recommendation. Except for one. Publish me more often.

[Simonyan] Thank you very much for the interview.

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Scope of Shadow Economy Categorized, Estimated
904A0546A Moscow FINANSY SSSR in Russian No 7,
Jul 90 pp 23-28

[Article by Doctor of Economic Sciences A.N. Shokhin:
"On the Structure and Scope of the Shadow Economy"]

[Text] The term "shadow economy" has been used more and more often recently to designate negative aspects of

economic activity. But there is still no unequivocal interpretation of the phenomena integrated by this term. As a rule, what are meant are those actions in the economy that are on the "other" side of the criminal code, that is, economic crime. But it would be incorrect to view the shadow economy only through the prism of its most criminal manifestations.

It seems that the shadow economy should be spoken of as a deficiency that is a direct continuation of the "virtues" of the command-administrative economy: strict centralization of planning and the coupon distribution of resources, predominance of power motivations in the system of management, administrative methods of making decisions oriented toward quantitative parameters, hierarchical criteria in evaluating key personnel, continuous reproduction of leveling tendencies, etc. Such an approach requires an extension of the scope and a view of all unconsidered and unregulated methods of economic activity that differ from those set forth in normative documents and rules of management as well as in legislation as the "shadow" economy.

The following are components of the structure of the shadow economy:

informal economy (functioning of methods involving "bargaining" and dislodging of resources that make it possible to utilize them in selfish group or personal interests; actual existence of marketing relations under formal administrative regulation and vice versa);

fictitious economy (fictitious value—writeups and other violations of reporting; production of fictitious consumer value—low-quality output; fictitious inflationary component in the price of output);

unlegalized part of the so-called "second" economy (basically because of evasion of taxation or fears of legalization in connection with a possible change in state policy with respect to the "second" economy);

black economy (classic economic crime, including such forms as involvement in prohibited activities, embezzlement of property and production on their basis in the scope of an underground economy, corrupt economy, "black" and "gray" markets, etc.).

In the scope of administrative-command management, the totality of informal methods of managing the economy that differed from the declared directive-administrative methods was always hidden. They arose as a means of adapting to the regulated economy, were frequently distorted and thereby distorted the very system of administration, reducing its effectiveness. Such relations were frequently based not on faultless administrative-command but on personal informal contacts and ties. They comprised channels through which the informal economy functioned. For quite understandable reasons, it did not remain only on an adaptive course. The possibility of unpunished actions under the cover of getting a comfortable plan opened up new prospects.

Frequently an "inflated" plan was a cover for all sorts of machinations: the production of "under-the-counter" output from superfluous raw materials, theft of "unused" nondisposable items and the like, for there is no clear boundary between different forms of the "shadow" economy. Nor were the "informal" contacts and ties innocent: their support drew the informal economy into the category of a corrupt economy.

Thus, in some way the constructive personal interrelations within the administrative economy inevitably were filled with an indifferent attitude toward the interests of the society and sometimes with criminal content. At the same time, the plan was not necessarily reduced: on the contrary, it might also be raised to any magnitude comfortable to the producer. And then be fulfilled "at any price," including a ruined environment.

A second form of the manifestation of the informal economy is the actual functioning of economic mechanisms in the scope of the administrative-command system of management. It is primarily a matter of the existence of a market for the means of production under the distribution of resources from stocks. The source of such barter deals is superfluous and above-standard stocks of physical assets, which amounted to almost 250 billion rubles in 1989. The need for such deals arises because the need for really necessary resources is frequently met only by 70 to 80 percent under their "coupon" distribution.

This part of the informal economy acts as a compensatory mechanism, as an attempt to organize a very simple economic commodity exchange under the conditions of a dearth of stocks. Clearly its appearance was inevitable under these conditions.

As a way to overcome the informal economy, we see the complete, consistent and uncompromising perestroika of the pre-reform methods of planning, financing and supply. (At the same time, it can be supposed that new forms of the informal economy such as personal channels for putting through a state order may arise in the reform period.)

In looking at the fictitious economy, above all one should name **fictitious value**, which in part arises for objective reasons. The first of them is the excessive centralization of planning and administrative decisions. It gave rise to a multitude of indicators and forms of statistical reporting. Along with directive indicators, there was a large number of accounting indicators, which also went to all enterprises. Under the conditions of the strict regulation of economic life, a real manifestation of independence often forced the administration of enterprises to violate reporting (one could dissemble somewhere, because in any case it was impossible to observe all the instructions).

The following reason for the violation of reporting involves the striving of the leadership to be among the labor collectives fulfilling the plan. For this guarantees the stability of incentives (bonuses and other awards).

The "need" for write-ups arose, for example, in the period when enterprises were adapting to new indicators issued from above with the impossibility of fulfilling the production program within a 10-day period, month, quarter or year. With the actual transfer of the production program to the next time period, it can be shown in the reporting as fulfilled, for it is easier to finish it at the beginning of the next year...10-day period.

Thus, to a certain extent, write-ups and other violations of reporting acted as a kind of compensator of shortcomings in planning and administration. At the same time, they are not always linked with the extraction of immediate material advantage. In criminological research, they even introduced the concept of "production-prestige motivation" for economic crimes to designate such phenomena. Of course all of this does not prevent "unselfish" write-ups from developing into the covering up of embezzlement, the "black" economy and other selfish crime.

It is not without reason that "simple" write-ups against the plan, wages and the volume of work performed ended up in the most noisy trials, first place among which is held by the "cotton case," uncovering write-ups amounting to 4.5 million tons of supposedly produced output (and this is approximately one-fifth of the volume of the production of cotton shown in the reports). Altogether, according to some estimates, write-ups in the national economy amount to as much as two percent of the volume of performed work shown in the reporting (that is, up to 30 billion rubles).

The production of **fictitious consumption value**, that is, the production of poor-quality output that does not satisfy social needs (does not meet demand) does great economic, social and moral harm.

Heretofore the preconditions dictating the possibility of the functioning of the "fictitious economy" over many years in the area of the production of goods in popular demand have been the monopolism of producers and the lack of rights of the purchaser (consumer), who, under the idea inherent in the system, was supposed "to take what they give." For a number of consumer goods, the volume of poor-quality, rejected and low-grade output already in the trade network exceeds 10 percent. On the average, according to available data, this volume can be estimated at seven percent of the commodity turnover and amounts to about 26 billion rubles of poor-quality output and five billion rubles in wages paid out for its production. Extending this estimate to technical industrial output, it is possible to obtain an approximate estimate of the scale of the overall production of poor-quality output (110 billion rubles, of which 20 billion are due to wages). The current situation in the market (a deepening dearth of commodities) means that poor-quality output is beginning to be involved in consumption just as actively as good-quality output. This means the transfer of fictitious consumption value to fictitious value (the finishing and reprocessing of defective products implies an increase in the price of the commodity).

The presence of a fictitious component in the price of goods and services is linked with an unjustified increase in the cost of output and with the activation of inflationary processes. For the first time, the report of the USSR State Committee for Statistics on the social and economic development of the country in 1989 gives an extensive assessment of the price index in the consumption sector. The index, calculated on the basis of the registration of prices for consumable goods, was 102 percent in comparison with 1988. Besides the increase in list prices, this index considers a number of factors for a hidden rise of prices. In our view, however, such a system for the computation of the index does not consider several forms of hidden price rises (shifts in the macrostructure of the commodity turnover and an increase in the share of the black market). Taking into account all factors, the true index of consumer prices will be higher than the index of the average prices of purchases of goods (which amounted to 102.6 percent in 1989). According to some estimates, it is three to four percent a year. One of the factors in inflation is the excessive increase in the monetary incomes of the population (in 1989, the increase in monetary incomes was 64 billion rubles, of which about 20 billion are not covered by goods and services). The official estimate of monetary inflation is 4.5 percent a year.

Frequently the term "second" economy is used as a synonym for the shadow economy in its criminal interpretation. We will interpret it to mean all forms of production activity that were formerly considered to be without prospects—individual labor activity and production in small groups (artels and small cooperatives) and other "small forms." A significant part of the second economy is hidden from financial and control bodies and is carried on in the scope of the shadow economy.

Until recently, the "second" economy was necessarily illegal: many of its forms were unjustifiably prohibited. The laws on individual labor activity and cooperation in the USSR led to a substantial reduction of the illegal sector of the "second" economy.

There are several reasons for this phenomenon.

Above all there continues to be an underground development of services not included in the list of designations foreseen by our legislation. Some of them that do not meet socially acceptable standards cannot be registered (manufacture of weapons and narcotics, the porno business and others) and must be related to the black economy. Still another part presented for examination by local authorities is not registered by them because of an old and well-established principle: "if it is not permitted, it is prohibited." Such bureaucratic obstacles as red tape, unjustified bans and delays are greatly slowing down legalization.

Reasons of a social and psychological nature are also exercising a certain curbing influence on the legalization of the shadow sector of the "second" economy. One of them is the notion in the consciousness of the masses

that there is in the "second" economy an excessive enrichment of the persons employed in it (this notion reflects, in the first place, the tenacity of crude leveling stereotypes and, in the second place, some actual negative processes in the "second" economy).

An even more powerful factor is the lack of confidence in the duration of the current state policy in relation to individual labor activity (which, one must recognize, has many historical as well as contemporary reasons). Many of those employed in individual labor activity think that the warming may be followed by a cool-off and the relaxation by stricter conditions. And they do things underground (especially those who have something to lose). Apparently only time and a stable state policy with respect to the individual sector of the economy can dispel these fears.

Nor must one ignore the fact that for material reasons the most active and efficient detachment of the "second" economy is not interested in legalization (evasion of taxation).

It also frequently happens that the entire specificity of the "second" economy typical for some particular locality is determined by the nature of the existing production there. In general, massive thefts of something from production most often "turn up" precisely in the "second" economy, which by its very massiveness acts as a parasite not on individual but on "socialized" crime.

Sometimes there is a direct link between the "second" economy and the "black" economy in the depths of socially organized production (planning of future thefts).

But what is the scope of the unlegalized "second" economy? At the beginning of the 1980's, the production of goods and services by unregistered "participants" was estimated at 20 to 30 billion rubles. Now the volume of production just in new forms of cooperation amounts to 40 billion rubles. Does this mean that the "second" economy was fully legalized? No, for only seven billion rubles in commodities are sold to the population.

And finally, about the "black" economy. It includes above all such forms of economic crime that have to do with illegal production activity. Different versions and combinations are possible in the utilization of state, cooperative and other public forms for "black" production: production activity and working time using illegally confiscated resources and means of production belonging to the society.

The greatest loss to the society occurs in organized forms of the "black" economy. Among such forms, one can single out: the "underground" economy, in which entire enterprises or individual links of state enterprises were not accounted for and worked entirely in the scope of the "black" economy (a "classic" example of the underground economy is home distilling, the income from the sale of which now amounts to a minimum of 23 billion rubles); the "layered" economy, in which part of the output produced at state enterprises was not accounted

for and was subjected to distribution through illegal sales channels; and the corrupt economy (merging of illegal production with the part of the state system that ensures the functioning of illegal enterprise).

A special place in the formation of the resources of the "black" economy is held by the illegal withdrawal of resources from the state. Thefts of socialist property are a form of such use of public resources. Thefts occur not only in the scope of the "black" economy but also for the purpose of personal consumption or for subsequent sale. In any case, this is a form of unearned income and the size of the income appropriated coincides with a market evaluation of what was stolen. One of the reasons for this phenomenon is the lack of a given commodity in open trade. Another is the striving to raise real income through the consumption or sale of stolen property (the minimum statistically detectable volume of theft amounts to five to six billion rubles).

A variety of the "black" economy in the consumption sector is the "black" market. It includes above all speculation, the formula of which is the buying up and resale of goods for the purpose of profit (sale of a commodity at a price above the list price). Furthermore, in our view, all sorts of machinations with shortages for selfish purposes should also be included in this market. Then the subjects of the "black" market will be persons close to the commodity flows and having access to goods in short supply, who therefore do not have to first buy up goods in short supply. These subjects are primarily workers in trade and people linked with them in the sale of goods in short supply.

In so doing, the role of the distribution and supply links that deliver the scarce goods to the store involves the formation and support of stable channels for the sale of the goods in short supply and the establishment of conditions preventing the absorption of the shortages (establishment of an artificial shortage). According to the assessment of the USSR State Committee for Statistics, speculative income is 25 billion rubles.

Adjoining the "black" market is the "gray" market. The "gray" market is understood to mean those forms of the exchange of goods and services in which their purchase (sale) presupposes the existence of greed not materialized in speculative income, bribery and the like. The formulas of the "gray" market are: "you help me, I help you" and "a service for a service." In addition, the "gray" market includes the sale of benefits to groups of buyers preferred by the seller (relatives and friends). The "gray" market makes the rubles held by different people unequal and establishes the conditions for a higher level of satisfaction of the needs of persons possessing goods in short supply or the possibility of providing some service.

It is legitimate to ask the question: "Is it possible to estimate the overall scale of the shadow economy? Much information on this has been presented in the press recently. The dispersion of estimates is rather great: the

scope of the shadow economy is estimated at 60, 90, 150 and even 500 billion rubles. How justified are these figures?

In the first place, it is important in the case of quantitative estimates to determine the subject of the measurement of the shadow economy: its capital, budget, income of mafia enterprise, turnover, etc. In so doing, the volumes of commodity stocks involved and utilized in the shadow turnover should be separated from the capital of the shadow economy and incomes of persons employed in this sphere.

In the second place, it is necessary to note that because of the heterogeneity of various elements it is hardly permissible to add up their qualitative measures. It is possible to combine with a figure only that which is integrated in its social and economic content. Global estimates can be made with many assumptions and are rather conditional in nature, that is, they can be used to determine "corridors," "spreads" or a "ceiling" for the true scope of the shadow economy.

To confirm this, let us refer to foreign investigations in the area of the shadow economy. As a rule, they estimate economic activity from crime and the hidden economy. Despite the diversity of approaches, the conditional nature of the estimates is seen clearly.

In the "monetaristic approach," the analysis is based on the volumes of monetary resources circulating in the sphere of the shadow economy. The point of departure is the assumption that in the shadow economy remuneration and accounts are performed in cash. Simple "monetary" methods are based either on the relationship between the volumes of cash and bank accounts on demand or on the share of banknotes with a high nominal value in the total volume of the monetary turnover or on the relationship between the volume of cash in circulation and the total amount of current accounts in monetary terms. The more complex method involves a comparison of the changes in the level of taxation and the shifts in the share of cash in circulation (if the introduction of a stricter scale of taxation leads to an increase in the volume of cash, this means an activation of the shadow economy).

The basic difficulty in this approach involves the fact that the speed of turnover of different kinds of credit obligations, money and the like is known but until now it has not been possible to reveal the intensity of the turnover of the illegal component, that is, it is difficult to estimate its scope accurately. As for the Soviet economy, difficulties also arise in analyzing the magnitude and composition of cash, for the corresponding statistics are unavailable.

The "Palermo" Method is based on interregional or interurban comparisons (method of regressive analysis) of actual consumption and the size of declared income. The gap between these magnitudes in "Palermo," which is understood to be the place with the greatest spread of the shadow economy, will be greater than anywhere else.

In comparing the magnitude of the difference in "Palermo" with its magnitudes in more "honest" regions, they obtain an approximate estimate of income from the shadow economy ("black" surplus product). They then take a certain average quantity for it, on the basis of which they obtain an estimate representing the level for the country as a whole. This method was also applied to the USSR (to be sure, in Sovietological research).

There is a **method based on the estimation of manpower resources employed in the shadow economy**. The estimate of the number of people employed in the "shadow" economy is made, in particular, by comparing the specific levels of unemployment with the average for the country or region, while eliminating factors clearly not related to the functioning of the shadow economy. The utilization of this method may put the problems of regions of our country with surplus labor in a somewhat different light.

The **"Sociological" Method** involves an explanation of the situation with the help of surveys of persons having or possibly having to do with the shadow economy (in Sovietological literature, as a rule, emigrants from Soviet "Palermos" are questioned).

The **"branch" assessment** is based on the hypothesis that the contribution of some branches to the shadow economy (construction, production of narcotics, underground distilling, repairs, etc.) is significantly greater than in all the others. It makes sense to evaluate them alone and, adding an approximate 10-percent remainder, for example, to determine the probable size of "black" profit.

Clearly, even a brief description of the methods for a quantitative estimate of the shadow economy is evidence of their conditional nature. It is no accident that the dispersion of the estimates is so great: the shadow economy in Western countries ranges from 5 to 30 percent of the gross national product according to different estimates.

One can propose several methods for the quantitative measurement of the shadow economy in our country as well. One of them is aimed at estimating the monetary resources settling in the depths of the shadow economy in the channels of the "black" consumer market. In analyzing the relationship between the dynamics and structure of the money savings of the population and the process of the spontaneous and uncontrolled redistribution of incomes, it is possible to draw the conclusion that the scale of the latter can be determined on the basis of an estimate of the so-called surplus money savings of the population ("hot" money) corrected by the amount of obvious unsatisfied demand. There are rather many methods for estimating surplus savings. According to these methods, the volume of surplus savings can be estimated at the level of 175 billion rubles (of approximately 570 billion rubles in monetary assets of the population in all forms). The existing estimates of obvious unsatisfied demand for goods and services set its

magnitude at the level of 100 billion rubles. Therefore, 75 billion rubles have already ceased to reflect the unsatisfied demand of the population; they "retreated" to the shadow sector of the consumer market.

It must be said that the given estimate is close to the figure given by the USSR State Committee for Statistics in its report for 1989 (the minimum estimate of the incomes related to the shadow economy, according to the calculations, amounts to 60 billion rubles.¹ At the same time, one should approach the given estimate with care. It is necessary to keep in mind at least four circumstances.

First circumstance—"tolerances" in the quantitative estimates of surplus savings and obvious unsatisfied demand. There are also other methods for estimating surplus savings that give substantially different values. There are no unequivocal estimates of obvious unsatisfied demand. So before drawing the appropriate conclusions, it is necessary to study all of the methods carefully and determine their reliability, trustworthiness and comparability.

Second circumstance—The velocity of the turnover of money in the shadow economy is still unknown. It appears that there is no need to show here that the consideration of this parameter may lead to multiplied differences in the estimates of the scale of the shadow economy.

Third circumstance—the "black" market leads to a rise in the real prices of purchases and therefore also leads to an increase in normal savings serving the expenditures of the population. It is an extremely complicated matter to evaluate the process of the transformation of forced savings dictated by unsatisfied demand into long-term savings (this would simultaneously mean an assessment of the shadow consumer market).

The mentioned methods do not consider all of these circumstances and therefore overstate the size of surplus savings and thus of the shadow economy.

Finally, the **fourth circumstance**—the determination of the social and economic content of the estimate obtained. It is obvious that it characterizes above all the volume of the monetary assets of the population expended in various forms of the "black" market. Only part of these expenditures are incomes of persons employed in the shadow economy (speculative markup on the price of goods withdrawn from state trade, difference between prices and outlays for the production of the goods of the shadow economy, etc.). The other part serves the capital turnover of the shadow economy. It is necessary to separate the named components, although this is an independent and complex task. If it is not resolved, the quantitative result obtained is depreciated to a certain degree.

All of this indicates the fact that generalizing estimates of the scope of the shadow economy require the performance of thorough investigations. Hasty conclusions

may lead to gross mistakes. Naturally the necessity of in-depth investigations (economic, sociological, legal) of the shadow economy must not hold up the development of an effective program of measures for its displacement.

Footnote

1. The official estimate of the unsatisfied demand of the population in 1989 by the USSR State Committee for Statistics is 165 billion rubles. But this figure reflects all forms of unsatisfied demand (in essence, it is equivalent to the value of surplus savings presented above). Obvious unsatisfied demand is that part of monetary assets that settles in the population because of the lack of commodity equivalents in the market and at any moment may join realized demand. The difference between the total volume of surplus savings and obvious unsatisfied demand also reflects the turnover of the shadow consumer market.

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Decrease In Group A Output Threatens Consumer Goods Production

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[Article by V.N. Pavlov, Yu.A. Petrov and A.V. Kiselev, candidates of economic sciences at the Institute of Economics and Organization of Industrial Production of the Siberian Branch of the USSR Academy of Sciences, Novosibirsk: "Evaluation of the Dynamics of Industrial Output in 1986-1989"]

[Text] To what extent has the production of industrial output increased during three years of the five-year plan? Has it been more than 13 percent as pointed out in the official reports of USSR Goskomstat [State Committee for Statistics], or four percent as stated by V.V. Kazarov during the 1st Congress of People's Deputies?¹

What is to be said regarding the data on the increase in Group A output during 1986-1988 of 13.1 percent and Group B—13.6 percent? Does the ratio in the proportions of these groups in gross output (75 : 25) signify that the production of means of production was greater by a factor of three than that for consumer goods? No, this is not signified and this fact is well known to every professional economist.

Industrial output is evaluated here as a gross figure—with all of the shortcomings of this value measure performing the role of an economic gauge. The peculiarities of the gross output indicator have been documented. Included among them—so-called repeated accounting, in which each product is taken into account in the resulting value not twice but repeatedly. The iron ore derived is initially included in the gross output according to its price, secondly it is found in the price for enriched ore or iron ore sludge, thirdly—in the price for

smelted cast iron, fourthly—in the price for steel, fifthly—in the price for rolled metal and so forth.

Multiple accounting is the result of a fundamental circumstance—the division of labor in social production, with the systematic error inevitably becoming more aggravated as such production is intensified. Theoretically, it is lacking in Group B. True, it is present from a practical standpoint, but by no means to the same degree. Thus the statistics on gross output tend to exaggerate systematically and strongly the production of the means of production compared to consumer goods. The production of Group A products is obviously greater than that for Group B (more annual average annual workers are employed), but certainly not by threefold.

Does Group A exceed in terms of rate of growth the production of consumer goods? Is the emphasis of the governmental program for accelerating growth in the production of consumer goods through a reduction in the production rates of the means of production justified? One does not have to be a political economist to be able to understand that it is impossible to produce consumer goods without the means of production. An illiterate medieval peasant was aware, based upon the experience of generations, that an increase in family consumption could not be realized by means of the seed fund: a brief increase would inevitably be followed by hunger.

The statistics on gross output delude us in connection with the comparative rates of growth for groups A and B. In addition to repeated accounting, which has a considerably stronger effect in the production of the means of production, the situation is also influenced by unequal price dynamics. Regardless of the degree to which the prices for consumer goods have been raised, the means of production increase in cost more rapidly and "comparable" prices are not changing this circumstance.

In order to evaluate the rates of economic growth (together with value measures), it would seem that one could use the indicator for output (sales, consumption) in a physical expression, free from the shortcomings of the indicators for gross and commodity output. Here we see arising certain methodological and methodical problems. For example, it is easy to compute the arithmetical non-weighted indicator for the production of industrial goods in the nomenclature of the annual summaries of USSR Goskomstat. However, it systematically inflates the rates of growth. Actually, let us assume that the production of 99 types of products during the accounting period remained unchanged and that the production of one product increased by a factor of 101. The indicator turns out to be equal to 200 percent, which hardly makes sense from an economic standpoint.

In order to evaluate the dynamics concerned with the production of goods in a natural expression, we developed a symmetrical indicator.² It is computed in the following manner. The production of goods is summarized with the output for the previous year and multiplied by a certain positive coefficient. The arithmetical

indicators for 1986 and 1987 are computed as they relate to the basic indicator. The ratio of the second to the first will provide a symmetrical indicator for the production of goods in 1987 compared to 1986. Its value is used as a coefficient when summarizing the indicators for output in 1986 and 1987. The iterative procedure is repeated until such time as the series coincides. The symmetrical indicator possesses acceptable measurement properties. Thus, in the case of the example cited above, the value of the symmetrical indicator equals 102 percent and this is quite likely.

Numerous computations based upon the economic statistics of the USSR and the U.S.A. confirm the suitability of a non-weighted symmetrical indicator for evaluating the rates

of economic growth. The analysis was carried out based upon USSR Goskomstat data on the production of important types of industrial products—means of production and consumer goods (representative sampling from 148 natural items). The dynamics were evaluated for the entire sampling and for its individual groups and this provided an appreciation of the structural improvements in the product structure.

The results are furnished in the table. It is obvious that in 1987 the rates of growth for the production of the means of production began lagging behind those for the production of consumer goods. Reality anticipated the governmental program for improving the economy.

Natural Indicators for Growth in the Production of Industrial Production, %

| Products | Number of Natural Items | 1986 | 1987 | 1988 | 1989 |
|---|-------------------------|-------|-------|-------|-------|
| Industrial Products, total | 148 | 102.8 | 100.0 | 100.7 | 97.4 |
| Group "A" | 96 | 103.2 | 98.7 | 99.5 | 95.5 |
| Group "B" | 38 | 102.5 | 102.5 | 103.7 | 101.5 |
| Machines and equipment of a production nature | 41 | 102.8 | 95.9 | 97.7 | 92.4 |
| Progressive means of production | 34 | 105.3 | 98.8 | 100.5 | 93.3 |
| Industrial output of an industrial nature | 46 | 102.5 | 95.9 | 99.0 | 95.5 |
| Products of light industry | 17 | 103.2 | 101.6 | 101.9 | 99.8 |
| Products of the food industry | 23 | 101.8 | 102.8 | 103.6 | 101.4 |
| Goods of a cultural nature | 10 | 100.9 | 101.7 | 104.8 | 102.2 |

Unfortunately, the lag in Group A resulted not from accelerated growth in the production of consumer products, but rather from a direct reduction in the production of the means of production. Over the past three years, a crisis situation has been intensifying on the whole in Group A and in its large branches. Thus, production during 1989 declined in the fuel, chemical, petrochemical, timber, wood-working and pulp and paper industries, in machine building and in the construction materials industry. Electrical engineering and the gas industry are exceptions.

Indicators were also obtained for industrial product groups, the quantity and quality of which determine to a large degree the investment potential and possibilities for the technical renovation of production. A group of machines and equipment of a production nature bring together some of the more important (from a national economic standpoint) types of operationally ready equipment (distinct from completion products, parts and units). The progressive means of production also include those types of machines and equipment, materials and energy carriers which appear as conditions for the use of progressive production technologies (from electric power to cardboard). The group of industrial products of an investment nature includes important types of products from ferrous metallurgy, machine

building, and the construction materials industry, in which production capital investments are materialized.

The natural indicators underscore the aggravation during 1989 of the unfavorable tendencies which surfaced during the two previous years. Thus, in 1989 production increased at a rate that was not lower than two percent for only seven types of machines and equipment of a production nature, with an absolute reduction taking place in production for 33 items. The data was similar for the progressive means of production—5 and 25 items respectively and for products of an investment nature—8 and 30 items. Such unfavorable dynamics signifies a narrowing of the investment potential of the national economy, a reduction in the potential for expanded reproduction and a deterioration in the prospects for socio-economic development.

The dynamics involved in the production of goods of a cultural and welfare nature are underscored by a positive overall rate of increase in the output of Group B during 1989. Typically, the growth in the production of consumer goods on the whole and in the output of some large branches of Group B slowed down during four years of the five-year plan. It can be assumed that a shortage of resources—an expected consequence of the earlier systematic slow-down in growth and a direct reduction in the production of important means of

production—is beginning to have an effect upon the production of consumer goods.

The time is at hand for answering the question posed at the beginning of this article. According to computations, the increase in industrial output during 1986-1988 amounted not to 13 percent or even 4, but rather to 3.5 percent. Of course, these and other evaluations mentioned are fair only to the extent that the method and official statistical data employed by us are reliable. Since the list of types of industrial products included in the computations is by no means complete, the indicators for the dynamics apply not to Group B as such, but rather only to the group of 38 types of consumer goods.

The possible changes in the quality of the products were not taken into account, since the statistics were developed in natural units of measurement. This obviously introduced errors into the computations. But the evaluations obtained were not beclouded by data on the production of goods of a defensive nature or alien to the means of production, and they were also devoid of the well known mistakes of official statistics in a monetary expression. It is hoped that they will offer a definite alternative for such statistics.

Footnotes

1. National Economy in 1987, Moscow: Finances and Statistics, 1988, p 10; IZVESTIYA, 22 January 1989, p 1; IZVESTIYA, 2 June 1989, p 4.

2. For more detailed acquaintance with the method of symmetrical indicators: Yu.A. Petrov. Measurement of Economic Growth and Dynamics of Production Structure. Technical Progress and Structural Improvements in the Economy. Novosibirsk, 1987.

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Specialists Justify Expenditures on Space Program

904A0535A Moscow *EKONOMIKA I ZHIZN* in Russian No 31, Jul 90 pp 12-13

[Report prepared by N. Tarasenko of meeting of the *EKONOMIKA I ZHIZN* "Business Club," chaired by Yu. Yakutin: "Space Economics: Feeling the Sharp Edge of Change"]

[Text] Recently, people have begun to speak out loud about space once again. To be sure, by contrast with previous years, these discussions, of put it figuratively, are more and more frequently on the down side. One of the most widespread opinions: You cannot find soap or sausage to save your life, yet here you intend to fly to Mars. Would it not be better to spend the people's money to buy goods and food. Through this rather dense chorus of voices in the parliament and periodical press a different judgment breaks through: If we mothball space research—we will be thrown back many years in scientific-technical development and will come to a stop in

socioeconomic development. The opinions, as we see, are at opposite poles. On whose side is the truth?

V. Barsukov, member of the USSR Academy of Sciences and director of its Institute of Geochemistry and Analytical Chemistry imeni V.I. Vernadskiy:

Astronautics is losing confidence.... Is that right? I am convinced that it is not! It is simply a change of emphasis that is taking place in our life. It has made the transition from the sensation of the first launches to the category of purposive explorations, which are just as important, but have become an everyday occupation. That is what it is all about. When for well-known reasons it is difficult for a man to obtain food, in some places to buy the things he needs, this, of course, is of greater concern to him than research in the field of space.

In space research we still are not behind, and in some respects we are even leading the advanced countries. Now they are saying: expenditures for space have to be cut back. This is the wrong approach. We must bring along industry as a whole, all the branches, up to our achievements, not cut back the highest level to the lowest benchmark. That way we not only lose what we have, we condemn ourselves to a perpetual lag in the future. The discussion of why we should fly to Mars when there is no sausage—that is a purely Philistine position. There may not be any sausage even if we postpone the "Mars" Program and are not concerned about strengthening the agroindustrial complex.

Chairman:

We fly to the Moon, we look at Earth from space, but what is the benefit from that research, if not today, then at least in 10 years?

V. Barsukov:

On Earth, there are the so-called large annular structures. They can only be seen from space. We have now learned that ore deposits are concentrated in those annular structures. There is an economic benefit for you.

I will give another example. We discovered unoxidized iron in the lunar soil. We began to study the nature of the phenomenon and discovered: the lunar soil is subjected to intensive solar radiation. This discovery is now being used on Earth. To protect necessary and valuable parts against erosion, they are irradiated with protons or ions. In this way, a protective film is created in the form of unoxidized pure iron.

Yu. Kiyenko, distinguished figure in science and technology, deputy chairman of the Main Administration for Geodesy and Cartography of the USSR Council of Ministers:

Our department is concerned with the problems of using space information for remote probing of the Earth in order to study land resources and the environmental situation and for mapping.

Today more than 1,100 enterprises and organizations in various ministries and departments are using space information in our country. In those organizations, about 300 different national economic, scientific, and applied problems are being solved with material from the remote probing of Earth from space. Every year about 1 million units of space information are placed at the disposition of our country's consumers.

Soviet information surpasses foreign information on such indicators as geometrical precision and spectral characteristics. We are getting pictures whose resolution is twice as good as that of the French and 6-8 times as good as the American.

Not so long ago we went onto the external market with our product. What stood in the way of doing that earlier? First, the stamp "Secret." Second, the market had long ago been divided between the Americans and the French. Incidentally, other countries—China, India, Japan, and Brazil—are also working in the field of remote probes today. So to penetrate the market, we had to make a statement about the high quality of our product. Today it is recognized, and now we are delivering our information to more than 60 foreign trading partners. Including firms from the United States, West Germany, France, Canada, Brazil, and Argentina.

Question from the floor:

Is our information being sold at world prices?

Yu. Kiyenko:

Our prices are commensurate with world prices and are determined by conditions on the world market.

The role of space research is sometimes inestimable in many fields of our life. Everyone is aware of the problem of the pollution of Neva Bay. So here is what space photographs made at various times indicate: The essence of the problem lies not so much in the dike built there as in the Neva's pollution by the city.

Certain hotheads are now proposing that we tear down the dike. But they take no notice at all that many enterprises and the city itself are discharging untreated effluents into Neva Bay. A comprehensive program to improve the treatment facilities of enterprises has thus remained words on paper.

There has been mention here of the effectiveness of space research. I will go back once again to the facts and figures. In 1986, 130 mineral occurrences were discovered from the data of photographs. In the petroleum and gas industry that same year, 436 sites were recommended for verification. The figure in 1987 was 586. Approximately 70-80 percent of them were confirmed. The prospecting of deposits with drilling would have cost 10 times as much.

We are "discovering" Antarctica. And we have to say that Soviet specialists were the first to do space photography of the icy continent. The study of Antarctica from space costs approximately one twenty-sixth as much as by the traditional method.

By means of space photography, we have checked the use of land resources in various regions of the country. It turns out that distortions in land records represent between 15 and 50 percent.

And finally. The military people are right now getting a great deal of harsh abuse. I am not a military specialist, but I must say that the subdivisions of the Ministry of Defense are a powerful constructive force in the national economy. Without the proving grounds of the Ministry of Defense, without using the intelligence of officers, the state would not have been able to exploit present-day space technology.

V. Balebanov, professor, deputy director of the Space Research Institute of the USSR Academy of Science:

We cannot do without basic research. There are no two ways about that. That is why the flight to Mars is inevitable. Whether we like it or not, man will begin to colonize Mars in the middle of the next century. If, in addition, we detect on that planet substances containing oxygen, then the atmosphere could be "corrected."

At present, we do not know what is in the asteroid belt of Mars. Perhaps we will discover something valuable in the asteroid belt. After all, only actual flights made it possible to understand the particular features of the planet Venus.

We have been studying the astrophysical phenomena of distant worlds. So far, science has denied the existence of other civilizations. But suddenly?!

What is our position in the world "rankings"? Soviet basic research is generally recognized. The scientists of many countries in the world are actively cooperating with us. Even in the most difficult times of the Cold War Barsukov, member of the academy, did not break off contacts with the Americans.

Now that the situation in the world has improved considerably, we have signed new agreements with NASA on a mutual exchange of instruments and experiments in space, on an exchange of scientists. The possibility has emerged of coordinating our efforts. For example, we are proposing a joint project to bring soil from Mars to Earth.

Only one conclusion can be drawn: If the state intends not only to preserve the heights which have been achieved, but to raise the level still higher, it must not refuse to finance basic research. In a civilized society, science is financed from the budget. This certainly does not mean that we are sponges on the state. Science, as history demonstrates, enhances the economic might of the state.

Chairman:

Is this situation possible: Under pressure of the public and the passions of mass meetings, basic science ceases to exist, and they tell you: "Concern yourself with applied science!"

V. Orayevskiy, doctor of physical and mathematical sciences, director of the Institute of Terrestrial Magnetism, the Ionosphere, and Radio Wave Propagation (IZMIRAN):

Then we will find ourselves in the Middle Ages.

In the words "scientific-technical progress," the word "science" comes first. First the idea, and then the embodiment. If we do not give birth to an idea, then there will be no embodiment at all. Our applied science feeds on the results of basic research.

B. Chertok, corresponding member of the USSR Academy of Sciences, deputy general designer of the NPO "Energiya":

Let me break into this conversation, since from the very beginning I have had occasion to be close to the sources of Soviet astronautics. And at that time there were no disputes about who should be given priority, basic science or applied. Everyone involved in it understood that there had to be a unified and inseparable system.

There are a multitude of examples in which basic research preceded the development of astronautics as such and its main capabilities. They made it possible to develop applied research. And there was no division between these two directions. To be sure, credit needs to be paid here to Keldysh and other major scientists of the USSR Academy of Sciences. At that time, the Academy of Sciences took a far more combative stance concerning astronautics.

Now we have occasion to hear rather often: Little use is being made of your advances for the benefit of the people. So, the remark is valid, but only in part. If the economic mechanism of our economy were structured somewhat differently, then many of our innovations would have been applied in all spheres of life. Take, for example, the system of telemetric monitoring. We determine how the astronauts feel hundreds of kilometers away. Yet that same technology could be used on Earth, say, in hospitals and at nuclear power plants.

We need to give some thought on how to organize an economic mechanism that would stimulate the use of the immense intellectual potential and advances of astronautics in all other sectors of the economy. There has already been mention here of the problems of studying land resources. How are the real capabilities of space technology being used to study the Earth "by other people" and by us? The American intelligence service does forecasts of wheat yields even in the Soviet Union. It is from those forecasts that prices are arrived at when grain is purchased. Yes, the Americans have made solid use of space in the

economy. Our agricultural people have shown no similar interest as yet in space information.

Chairman:

Consequently, you feel that there never was a "stagnation" in our astronautics. Then what was it, in your view, that generated people's adverse attitude toward your sector?

B. Chertok:

One of the reasons lies in the absence of glasnost. Because of secrecy, little was written about the capabilities of astronautics and the new technological advances related to space technology. At the same time, only the showy facade of astronautics was presented, and that began to cause irritation. Whenever we failed, it was either covered up or it was presented in a form that had been touched up. And that always results in paradoxes. I have written a book about the achievements of rocket engineering and control technology. And in it I took the risk of telling how the Germans developed the FAU-2 and what its control system was like. The book went through all the official steps, and at the last hurdle they invited me in and told me that they had been forced to break up the type. Why? They answered: As you have told it, it turns out that the Germans had wonderful advances?!

In the time that was most difficult for American astronautics, after the death of the Challenger, they also began "backbiting." Then a commission was created which came to the conclusion: The achievements of astronautics over the previous two decades exceeded all the scientific-technical advances which humanity had had in its previous history. But we are continuing to debate: Do we need astronautics or not?

V. Ryumkin, candidate of engineering sciences, leading space specialist of the USSR Ministry of Defense:

In recent years, we have had to face a lack of understanding of the economic problems in the area of building and applying space systems, the specific nature of this unique technology, which cannot be approached with the standards of large-volume machinebuilding production.

What I mean is that astronautics is strong when the Soviet Union is strongly unified. Interregional collisions and conflicts adversely affect astronautics. In our country, after all, things which are one of a kind are made as a rule on the periphery. That accounts for the delays and breaches of contractual obligations. Should this process continue, we will be lagging further and further behind.

Since we have met in the editorial offices of *EKONOMIKA I ZHIZN*, I will answer the question about the yield of the ruble invested in space. We use a generally accepted method for comparing results, and

the comparisons show: the effectiveness of space solutions compared to traditional methods of research provides a yield of up to 300 percent. What is more, many problems are simply not solved without space. Providing communications in remote areas of the country, for example, or the missile launch detection system.

Now strategic offensive weapons are being reduced and international thaw is taking place. But if it were not for national reconnaissance facilities, there would be no trust between the USSR and the United States.

At present, how are we to make the division between military space and civilian space? Figures have been referred to in the USSR Supreme Soviet. But they are highly hypothetical. No one will say where one space begins and the other ends.

However paradoxical it may sound, some of the expenditures incurred in launching spacecraft for scientific and economic purposes, which were financed from the defense budget, did not actually come under military expenditures. What is more, outlays to build general-purpose space systems (launching complexes, ground control systems, injection systems, etc.) used both in the interests of defense and also in the interests of science and the economy were financed out of the defense budget. That is how it has gone historically. And that is justified because of the complexities of operating multipurpose systems. This applies all the more to dual-purpose space complexes, many of which were originally built for military purposes.

Chairman:

Viktor Mikhaylovich, as you know, 3.9 billion rubles were spent on military space in 1989. You said that all of this is hypothetical, and nevertheless no mention is made of redistribution of a portion of those funds for scientific or national economic space.

V. Ryumkin:

Out of the total expenditures for space technology, we spend 55 percent for military space, while the Americans spend 75-77 percent. That is why I put the question not so much about redistribution as about adding funds in both places. I will give just one figure: the information from space systems increases the effectiveness of the armed forces 1.5-2-fold. That means both a reduction of material costs and a saving on money resources.

V. Aksenov, USSR pilot-cosmonaut, general director of the NPO "Planeta":

I would like to briefly present the main directions of our scientific-production association. They are environmental monitoring and integrated evaluation of the environmental condition of areas, above all those in a critical state. Inspection of disaster areas to forecast their state. Establishment of land records, evaluation of the condition of soils, pastures, types and degree of pollution of inland waters. The study of geological structures and exploration for minerals. Study of the regions of the Far

North and Antarctica. Compiling and updating topographic maps, including large-scale maps. The study of climatic processes, the oceans with respect to surface temperature, content of biologically active substances, pollution, currents, waves, and wind over the surface. This is only a portion of the tasks performed by the NPO.

Our products go to consumers in 22 departments, and the demand for them is also high abroad. When it comes to economic efficiency, our revenues cover our costs tenfold on the average.

Consumers have a very high opinion about the quality of our information. But there are also quite a few serious problems. One of them is that the satellites do not last long—less than half a year. Our wildest dream is two years. The American satellites "Landsat-4" and "Landsat-5," launched in 1982 and 1984, respectively, are still in operation.

One very serious problem is that we have nowhere to record and nowhere to store space information. For the last two years, we have had requests from Denmark and England that we sell them information on their areas. But we can only separate it by hand—unfortunately, there is no data bank.

Now as for cost-accounting relations and profitability in astronautics. In this area, we differ little from other sectors of the economy. The situation has to change greatly if our entire economic mechanism is to become far more receptive to scientific-technical progress. We have begun to develop commercial operations, we are gradually taking our data onto the world market. But even here there are plenty of problems.

We have no systems for the development, processing, and reproduction of information. We need channels for transmission of this information to consumers. At times, things are simply ridiculous. At one point, they carried the data...in a suitcase. They went through customs clearance, and all the data were erased.

One very important point is this: Why is it that consumers in our country are still not pursuing space information? Once we attempted to discover what kind of economic benefits our effort could bring to geologists, agricultural workers, foresters, and fishermen. The Ministry of Geology reported 50 million rubles per year. And the next year the representatives of that same ministry declared: You are not providing us any benefit, brothers. What a metamorphosis? It turns out that when the USSR Ministry of Finance and Council of Ministers learned about the benefit, they took those 50 million rubles from the ministry's budget for the next year.

V. Pashintsev, sector chief in the USSR Ministry of Communications:

If they are going to discuss the problems of space in the USSR Supreme Soviet, then I would call the attention of

the people's deputies to the development of satellite communication. And here is why.

In 1965, we launched the first communications satellite "Molniya-1," in 1972 "Molniya-3," in 1976 "Ekran," in 1978 "Raduga," and in 1980 "Gorizont." In the initial stage, when "space" communications were being created, we were changing the modifications of the satellites and were launching them every 3-4 years. And now since 1980 not a single modification has been made of the satellite "Gorizont," and yet communications are one of the most important directions in astronautics.

At the present time, 97 percent of the population is watching the first television program by satellite, and 91 percent gets two programs. But the problem has not altogether been solved, because there is still three percent of the population, and that means 10 million people, whom television does not reach. Second, there is an acute problem today of relaying republic programs. It is not possible to solve this problem with the existing satellites.

Telephone communication. Here we have connected the center to the most important regions. To be sure, here again the coverage is not complete. In other words, we have guaranteed the necessary level for solving problems of the national economy. But satellite communications have not reached oblast and regional centers. But then a program was approved. The issue of financing immediately arose. And that brought things to a standstill. In general, the right hand does not know what the left hand is doing. The problem has been under discussion for an entire year in the USSR Council of Ministers, USSR Gosplan [State Planning Committee], and USSR Minfin [Ministry of Finance], but still there is no decision as to who is to pay for building new communications satellites.

In Place of an Afterword

Yu. Koptev, USSR deputy minister of general machinebuilding:

Quite a bit has been said about the conditions in which our branch lives being like a hothouse. We can state it officially: the average level of profitability established in our branch for series production does not exceed 13 percent, and for experimental design projects it does not exceed 18 percent.

In preparing for this discussion, we tried to summarize data showing the state of our astronautics in a comparison with the Americans. The share of expenditures for space programs in 1989 was 1.5 percent of our budget, while the Americans spent 2.6 percent.

Last year, expenditures for space in the interests of science and the national economy amounted to 1.7 billion rubles in the USSR, while similar purposes in the United States received \$3 billion; in the case of the military program: 3.9 billion rubles in the USSR and in the United States \$22.8 billion; and the program for

shuttle systems: 1.3 billion rubles in the USSR and \$3.8 billion in the United States. Now look what is happening in 1990. The Americans are making the decision to push the program for development of orbital stations. They are allocating it \$2.5 billion. That gives them a total of \$5.5 billion for the first direction, while in our country this item will be reduced.

They say that the Americans do not know what to do with their money, and they say that we cannot keep up with them. This is incorrect. They also have a budget deficit. But see what is happening in other countries of the world. England has gone to a level of financing of more than 200 million, France 1.3 billion, West Germany about 500 million, Italy 700 million, and Japan 1.3 billion (all in dollars). Moreover, in all the countries they are showing a tendency to increase appropriations for space programs.

And see how the number of countries with access to space technology is growing: in 1960—2 countries, 1980—13 countries, and in 1990—17 countries. India, Brazil, Pakistan, and the Netherlands are dying to have space technologies.... According to forecasts for 1995, Iran, Indonesia, and Argentina will join that list. So, are these also states that do not know what to do with their money?! No, in many countries today they understand the benefit from investing the resources of the state in development of astronautics. This direction affords the possibility of creating powerful technologies, profitable telecommunications systems, and environmental protection.

Now we are being told ever more insistently: Give us a saving in the space program. Our total expenditure is 6.9 billion rubles. Is this too much or too little? It depends on the angle from which you look at this question. Is it too much or too little when today in the country we have a volume of unfinished construction amounting to more than 180 billion rubles? We have above-allowance inventories of 247 billion rubles, we have nonproduction losses of 24 billion rubles. Losses in the agroindustrial complex: 20 billion for grain, 5-6 billion rubles per year for meat. That is why we do not understand proposals about the possibility of solving the country's socioeconomic problems through "discrimination" against a promising branch of the economy—astronautics. If the losses enumerated above were reduced only by 10 percent, then the benefit achieved would exceed all our expenditures for space several times over. Combating losses and inefficiency is understandable, combating the advances of scientific-technical progress is absurd.

We feel that today we need to win people over, popularize our achievements more widely, and speak honestly about our shortcomings. In this connection, I would like to express gratitude to the weekly EKONOMIKA I ZHIZN for organizing our meeting. We hope to continue the discussion that has begun.

Dynamic Behavior of Expenditures for Space Programs, Millions of Dollars

| Country | 1985 | 1986 | 1987 | 1988 | 1989 | 1990 |
|--------------|-------|------|-------|------|------|------|
| England | 156 | 154 | 201.5 | | | |
| France | 828 | 1025 | 1190 | 1200 | 1210 | 1270 |
| West Germany | 406.1 | 423 | 513.3 | 350 | 475 | 495 |
| Italy | | | | | | 700 |
| Japan | 459 | 620 | 774 | 1100 | 1150 | 1250 |

Being Published for the First Time

Countries possessing the potential for development and production of space technology systems and launching their own or acquired (leased) carriers. The launching date of the first satellite the country has developed itself is taken as the existence of that potential.

| | |
|-----------------------|---|
| Up to 1960 | USSR, United States |
| Up to 1965 | USSR, United States, Great Britain, Canada, Italy |
| Up to 1970 | USSR, United States, Great Britain, Canada, Italy, France, Australia, West Germany |
| Up to 1975 | USSR, United States, Great Britain, Canada, Italy, France, Australia, West Germany, Japan, China, Netherlands, Spain |
| Up to 1980 | USSR, United States, Great Britain, Canada, Italy, France, Australia, West Germany, Japan, China, Netherlands, Spain, India |
| Up to 1985 | USSR, United States, Great Britain, Canada, Italy, France, Australia, West Germany, Japan, China, Netherlands, Spain, India |
| Up to 1990 | USSR, United States, Great Britain, Canada, Italy, France, Australia, West Germany, Japan, China, Netherlands, Spain, India, Sweden, Israel, Brazil, Pakistan |
| Up to 1995 (forecast) | USSR, United States, Great Britain, Canada, Italy, France, Australia, West Germany, Japan, China, Netherlands, Spain, India, Sweden, Israel, Brazil, Pakistan, Argentina, Indonesia, Iran |

International associations (consortiums) for building (using) space technology systems. On the basis of date of establishment.

| | |
|-----------------------|---|
| Up to 1965 | Intelsat, ELDO |
| Up to 1970 | Intelsat, ERSO, Interkosmos |
| Up to 1975 | ITSO, EKA, Interkosmos |
| Up to 1980 | ITSO, EKA, Interkosmos, Inmarsat, Kospas-Sarsat, Eutelsat |
| Up to 1985 | ITSO, EKA, Interkosmos, Inmarsat, Kospas-Sarsat, Eutelsat, Eumetsat |
| Up to 1990 | ITSO, EKA, Interkosmos, Inmarsat, Kospas-Sarsat, Eutelsat, Eumetsat, ASTO |
| Up to 1995 (forecast) | ITSO, EKA, Interkosmos, Inmarsat, Kospas-Sarsat, Eutelsat, Eumetsat, ASTO |

Intelsat—International consortium for creation and operation of commercial satellite communications systems. In 1964, 12 founding countries. Since 1973, known as ITSO.

ITSO—created from Intelsat. Now has more than 100 participants.

ELDO—European Organization for Building Rocket Vehicles. From 1962 to 1964.

ERSO—European Space Research Organization. From 1964 to 1975.

EKA—European Space Agency. International consortium.

Inmarsat—International consortium for the organization of efforts to furnish satellite communications to vessels in the merchant fleet. Since 1979. Established by more than 20 countries, including USSR.

Kospas-Sarsat—International consortium for organizing notification of aircraft and vessels which have had accidents and search for them by means of satellites.

Eutelsat—Organization for operation of West European communications satellites. Since 1979.

Eumetsat—International consortium for development and operation of weather satellites. Created by 17 countries in 1983.

ASTO—Organization for creation of a satellite communications system based on the satellite ARABSAT. Established by 22 Arab countries.

Other countries which are active participants in space programs: Switzerland, Denmark, Austria, Finland, Luxembourg, Czechoslovakia, Bulgaria, Poland, Hungary, and the GDR.

| Purposes for Which Advances of Rocket and Space Technology in USSR Are Being Used | Specific Annual Economic Benefit (Billions of Rubles) | |
|---|---|--------------------|
| | 1988 | 1990 (Anticipated) |
| Meteorology, environment | 0.75 | 0.85 |
| Exploration for natural resources | | |
| Land | 0.35 | 0.85 |
| Communications, television | 0.60 | 0.75 |
| Navigation | — | 0.10 |
| Materials science | 0.30 | 0.40 |
| Technology | 0.15 | 0.20 |
| Other | 1.00 | 1.00 |
| Total | 3.15 | 4.15 |

Comparison of Expenditures for Space Technology With Certain Economic Indicators of the Country's National Economy (Billions of Rubles, 1989)

| | |
|---|-----------------|
| USSR space budget | 6.9 |
| Volume of unfinished construction | 180.9 (26-fold) |
| Grain losses | 20 (threefold) |
| Above-allowance remainders of merchandise and supplies (as of 1 October 1989) | 247 (35-fold) |
| Nonproduction losses | 24 (3.5-fold) |
| Acceleration of rate of turnover of working capital by 1 day | 8 (1.2-fold) |
| Meat losses | 5-6 |
| Stocks of uninstalled imported equipment as of 1 October 1989 | 5.8 |

**INDUSTRIAL DEVELOPMENT,
PERFORMANCE**

Union Chief Describes Chemical Industry, Labor Problems

904A0391A Moscow TRUD in Russian 26 May 90 p 1

[Interview with V.K. Borodin, chairman of the Central Committee of the union of workers of the chemical and petrochemical industry, by Ye. Varshavskaya: "Explosive Mixture of Problems"]

[Text] The Central Committee plenum of the union of chemical and petrochemical industry workers has been held. Our correspondent met with V.K. Borodin, chairman of the union's Central Committee.

[Question] Vasilii Karpovich, the chemical and petrochemical industry has traditionally played a leading role in our economy. We remember well the CPSU Central Committee and USSR Council of Ministers "Program to Develop the Chemical Industry in the USSR Economy to the Year 2000" which charted an accelerated development course for the chemical industry. The industry was declared a pacesetter for the country's technological and scientific progress able to help eliminate 70 to 80 percent of consumer goods shortages. It would seem that the industry was guaranteed a prosperous existence. However, the hard times our country is going through have of necessity affected the situation in the chemical

industry complex. What is the situation in the chemical and petrochemical industry and at its labor collectives?

[Borodin] The situation here is very explosive and it is getting worse literally every day. The situation is very grave in a number of subsectors of the chemical industry complex. There are several reasons for it. The most important one is that we are short in quantity and quality of chemical equipment. Every year, funds, technical equipment, and material and technical supplies allocated for the development and retooling of industry enterprises fall short. As a result, the rate of capital replacement does not exceed the rate of obsolescence. The obsolescence level at some subsectors is 66 percent. Such subsectors include vitally important ones, such as the medical industry. To say nothing of the shortcomings in consumer goods production, which hurt every family.

This situation has another, more menacing side: due to lack of funds, enterprises are unable to adapt environmentally safe technologies and build purification plants, which rightly triggers complaints from the population. The public has formed a view that industry enterprises are "killer plants." Instead of retooling and rebuilding harmful production processes, a campaign has begun to liquidate them.

Many construction sites containing costly equipment have been frozen. An irreplaceable loss amounting to

R2.1 billion has been inflicted on our country by the closure in this five-year plan period of 290 active plants producing chemical products.

[Question] The situation in the industry necessarily impacts the condition of its workers. Enterprises are closing and thousands of workers find themselves in the street—this is reality nowadays. Chemical industry workers have no guarantees, either of getting work in their field, or of being paid unemployment benefits, not even of retaining the benefits they have earned by working in a dangerous industry. Even those who are not threatened by layoffs apparently have plenty of problems of their own. If funds allocated for repairs and replacement of equipment are minuscule, covering 4-to-60 percent of the industry's needs, what about conditions in which people now work?

[Borodin] Each year, up to 500 cases of acute poisoning and disease are reported. At the same time, over 1,000 new types of chemical compounds enter into production; maximum allowable concentration levels for such products have not been set and their impact on the human body has not been studied or checked. Funds from state social insurance could be used for this purpose, producing savings by reducing losses stemming from temporary disability. But the All-Union Central Council of Trade Unions has redistributed these funds to other industries, depriving labor collectives of the opportunity to use them for better medical care and compensation for the risk of working in harmful conditions. The USSR Government decision to raise worker contributions to state social insurance has not resolved the situation but exacerbated it further.

The social condition of chemical industry workers is all the worse because of low pay. Among employees of 25 basic industries they are in the 17th-to-23d place as far as their wages are concerned. Some 12 percent of those who work at enterprises of the USSR Ministry of the Medical Industry earn R100 to R150 a month, and over 35 percent R100 to R200. People switch to enterprises which pay higher wages, and the industry loses highly trained employees.

[Question] Vasilii Karpovich, how can we untangle the maze of problems? What does the industry union propose?

[Borodin] In our opinion, it is necessary to immediately draft and broadly discuss a general program of chemical industry development. We must introduce a single tax rate not exceeding 40 percent for enterprises and to let them retain at least 10-to-15 percent of their output. An inflationary index should be introduced, the social insurance budget transferred to the management of the industry union, full material responsibility of enterprises for harming the health of their employees established, the health care system changed and housing and pensions provided. In short, we need a system of social rights and guarantees, covering such issues as the order

and schedule for closing or converting enterprises, finding jobs for workers and providing unemployment benefits.

This is why the plenum's participants asked the USSR Government to draft a program for developing the chemical industry in our country and to give that program the force of a law.

We are waiting for the government to prepare a set of proposals and to provide answers to our questions at the next union congress this October.

[Question] Vasilii Karpovich, you have drafted measures to protect chemical and petrochemical industry workers. But the business activity of the chemical industry complex and its enterprises concerns all of us. To a large extent, this is the problem of the environmental situation in our country. Does it not seem that by protecting the interests of chemical workers your union places itself above the interests of society?

[Borodin] Not at all. In Japan and the FRG, five times more chemical industry products are being produced, per capita, than in our country. This is why the program must provide for effective environmental protection for the population, purification plants and safe technologies. In addition, we must not forget that the chemical industry means medicines, footwear, clothing, magnetic tape, cleaning solutions and much more of what our people need so much.

REGIONAL DEVELOPMENT

RSFSR Draft Law on Leasing, Sale, Transfer of State Assets

904A0574A Moscow *EKONOMIKA I ZHIZN* in Russian No 34, Aug 90 pp 19-21

[Draft Law of the Russian Soviet Federated Socialist Republic on Leasing, Purchase and Uncompensated Transfer of State Property]

[Text] *Continuing its practice of publishing initiatives and alternative bills concerning legal support to radical economic reform, the editor's office of EKONOMIKA I ZHIZN asks readers to take part in discussing the draft RSFSR law "On Leasing, Purchase and Uncompensated Transfer of State Property." The draft was prepared by a working group created at the initiative of P. Bunich, president of the USSR Union of Leaseholders and Entrepreneurs, and S. Fedorov, president of the RSFSR Union of Leaseholders and Entrepreneurs, and consisting of A. Siginevich—the group leader, V. Vlasov, V. Patrikeyev, V. Yermolayev, V. Voronov and Yu. Yakutin.*

The discussion of problems concerned with development of leasing, purchase, formation of people's enterprises and collective ownership is of interest not only to our Russian readers but also to readers from all union republics, which also face the task of drawing up similar laws.

1. This law defines the organizational, economic and legal principles of leasing, purchase and uncompensated transfer of state property in a time of development of a market economy.

The law is oriented on denationalizing the economy, it determines the procedure for creating leasing associations and collective enterprises, it establishes the basic principles and conditions for the activities of these enterprises, and it operates in conjunction with other laws of the RSFSR and autonomous republics, and in cases foreseen by them, with decrees of the RSFSR Council of Ministers and the councils of ministers of the autonomous republics.

2. Leasing or sale of individual buildings, structures, equipment, transportation resources, inventory, tools and other material variables is regulated by norms of the RSFSR Civil Code.

3. Property belonging to public organizations is leased, sold and transferred without compensation under terms determined by these organizations, with regard for norms of the RSFSR Civil Code.

In this case the procedure for creating leasing associations and collective enterprises and the conditions of their activities, foreseen by this law, also apply to enterprises which are created as a result of leasing or purchasing the property of public organizations.

Section I. General Provisions

Article 1. Leasing and Purchase of State Property

1. Leasing of state property is defined as contract-based temporary compensated possession and use of state property transferred to the lessee for independent business and other activities.

2. The purchase of state property is an act of purchase-sales having as its result the transfer of property to the possession of the purchaser for a certain sum.

Article 2. Objects and Spheres of Leasing and Purchase

1. Enterprises (associations), organizations of all sectors of the national economy, structural units of associations and production operations, shops and other subdivisions of enterprises and organizations existing as unified property complexes of productive capital and other valuables are leased or purchased.

Property that is leased or sold in the form of a unified property complex includes fixed productive capital, working capital and other valuables in the possession of an enterprise and existing under state ownership.

Nonproductive property listed on the balance of enterprises is placed into uncompensated use as a rule.

2. Enterprises (associations) and organizations which are legal persons in all spheres of the national economic sectors are leased or purchased, with the exception of

those in relation to which leasing or purchase is not permitted by legislation of the RSFSR and autonomous republics.

3. Structural units of associations, production operations, shops and other subdivisions of enterprises and organizations are leased or purchased in cases where their leasing or purchase will not result in violation of the production potential and the organizational and economic integrity of the enterprise (association) or organization.

Article 3. Lessors and Sellers of State Property

1. Property of enterprises (associations) and organizations existing in integral property complexes is leased or sold by a state property managing organ created in correspondence with a particular form of state ownership: republic and autonomous republic ownership under the RSFSR Supreme Soviet and the supreme soviets of autonomous republics, autonomous oblasts and autonomous okrugs, and communal ownership under the corresponding soviets of people's deputies.

2. The property complexes of structural units of associations, production operations, shops, sections and other subdivisions of enterprises are leased or sold by the administration in response to a decision of the enterprise council (board).

Article 4. Lessees and Purchasers

Lessees and purchasers of state property may include the labor collectives of state enterprises (associations) or their subdivisions, mixed collectives containing workers not employed by the given enterprise or association (subdivision), a private citizen or a group of citizens coming together into a collective with the goal of leasing or purchasing the corresponding enterprise or association (subdivision), as well as other enterprises, cooperatives and public organizations.

The particulars of the participation of foreign legal persons and citizens in the leasing and purchase of state property are determined by the Law on Foreign Investments in the RSFSR.

Article 5. The Procedure for Leasing (Purchasing) State Property

1. State property may be leased (purchased) both at the initiative of a state property managing organ and at the initiative of the lessee (purchaser).

2. State property is leased by competitive bidding as a rule. Competitive bidding is announced by a state organ authorized to manage state property.

3. A state organ which has decided to lease (sell) state property places a notice in an official publication describing the composition and value of the property to be leased (sold), its tentative leasing (selling) price, and

the basic terms of and deadlines for receiving applications for participation in the competition for the right to lease (purchase) state property.

4. In order to lease (purchase) state property, those desiring to do so submit, to the corresponding organ authorized to manage state property, a draft agreement and a statement indicating the composition of the state property to be leased (purchased), the possible amount of the deal, the source of funds for purchase or leasing, and other necessary information.

The draft agreement and the statement must be examined by the indicated state organ not more than 30 days from the moment of their submission.

5. An organ authorized to manage state property may issue a rejection only on the basis of the following motives:

a) a legislative prohibition on the sale (leasing) of the identified state property;

b) a decision of the competitive bidding commission to show preference to a lessee (another purchaser) who had offered more advantageous terms.

Refusal to lease (sell) state property out of motives of unfeasibility, including in relation to a particular subject, is prohibited.

If an application to lease (purchase) state property is not examined by the established deadline and no decisions are made on it, or if leasing (purchase) of the indicated state property is rejected out of motives which the applicant feels to be unjustified, he may take the matter to court.

6. Under otherwise equal conditions the preferential right to lease (purchase) a state enterprise or a subdivision of it belongs to its labor collectives. When proposals submitted on the basis of competitive bidding are examined, preference is given to those who will ensure the highest effectiveness of production, lease (purchase) the largest part of the offered property, pledge the highest lease payments, and in the case of purchase, offer the larger amount.

7. When there is a choice between applications—applications for purchase on one hand and leasing of the given state property on the other, preference is given to the subject who offers to purchase state property.

8. In order to uphold the public interest, state property may be leased (sold) under terms ensuring:

a) retention of the enterprise's profile and object of its activity;

b) sale of products only to consumers of the appropriate region for a period of time determined by the agreement;

c) complete or partial payment of a lease (purchase) in kind (with manufactured products).

Article 6. Appraisal of Property to Be Leased (Sold)

1. In order to appraise property to be leased (sold), the state organ authorized to manage the property creates a commission consisting of its own representatives and representatives of financial and banking institutions. The commission inventories the fixed capital, commodity and material valuables, financial assets and accounts.

2. When it conducts its inventory the commission determines the condition of the property, updates the residual value of fixed capital and the deduction for its wear, and draws up a list of the fixed capital including an appraisal of its value. Mutual accounts with the higher administrative organ, the budget and the bank are updated.

A certificate of value of property to be leased (purchased) is drawn up on the basis of data obtained by the inventory and signed by the commission members. Property to be sold is appraised on the basis of actual wear and the possible market price.

Then the state organ authorized to manage the state property determines the list of property to be leased (sold), establishes the leasing (selling) procedure and prices the property to be sold.

3. When the parties agree to do so, property may be leased (sold) on the basis of its balance appraisal, less wear, without creating a commission to appraise the state property.

Article 7. Uncompensated Transfer of State Property

In the event that there are no offers to lease or purchase the property of state enterprises (associations) and organizations which operate at a loss or which make little profit (requiring subsidies for their maintenance), this property may be transferred without compensation to the joint ownership of the labor collective of the given enterprise, which is then transformed into a collective enterprise. In the event that the labor collective refuses uncompensated acquisition of the property, the enterprise is closed, and the property may be transferred to other enterprises and organizations.

Section II. Leasing of State Property

Article 8. The Leasing Agreement

1. The leasing agreement is the principal document regulating the relationship between the lessor and the lessee. It is signed on a voluntary and equal basis.

2. The leasing agreement foresees: the composition and value of the property to be leased, the leasing term, the distribution of responsibilities of the parties for complete restoration and repair of the leased property, the rights and responsibilities of the lessee in relation to the leased property, the amount of and the manner of payment on the lease, the possibility and terms of purchasing leased property, and other conditions.

3. The leasing agreement also treats separately the value of objects pertaining to the nonproductive sphere (having residential, communal and social functions) which are transferred to the lessee for uncompensated use. The agreement indicates the lessee's obligations in relation to these objects (their maintenance, overhaul).

4. The leasing agreement determines the mutual relations between the lessee and the lessor in regard to the terms of use of reserves of fuel and raw and other materials, unfinished production and finished articles; it also determines the manner of distribution of assets remaining in economic stimulation funds, use of the company housing pool, its financing, and the allocation of assets received in payment of debts.

5. The leasing agreement may include the responsibilities of the lessor in relation to material and equipment support, assistance in production development and in introduction of scientific and technical accomplishments and progressive procedures, production reequipment, social development, provision of information, consultative and other assistance, cooperation in personnel training, and creation of the necessary conditions for effective use of leased property and its maintenance in proper condition.

6. The agreement foresees the lessee's liability for violating the terms of lease payments to the lessor determined by the agreement. In this case sanctions for violating lease payment terms are paid to the lessor out of assets remaining at the disposal of the lessee.

Financial assets are transferred from the lessee's account to the lessor as payment on the lease in accordance with the instructions of the lessor. In the event of disagreement, the lease payment is collected according to the established procedure on the basis of a decision of state arbitration or the court.

The lessor cannot be compelled to lease facilities he does not require.

Article 9. Rent

1. Rent is set as a rule for all leased property taken together, in natural, monetary or mixed forms, on the basis of the effectiveness and condition of the leased property, and with regard for the current bank interest rate on long-term loans.

2. Rent may be set in the form of:

- an absolute sum paid annually;
- a percentage of the value of leased productive capital set in the leasing agreement, on the basis of its actual presence on an annual basis;
- an absolute sum or a share (a standard amount) of profit (income) obtained from using the leased property.

3. Rent may also include depreciation deductions for complete restoration of leased property, and assets for repairing leased facilities.

4. The amount of the rent representing depreciation deductions and assets allocated for repairs is determined depending on the distribution of the responsibilities of the parties in relation to complete reproduction and repair of leased property, the term of the lease and the conditions foreseen for purchase of leased property.

5. The amount of rent may be changed by agreement of the parties at times foreseen by the agreement, but not more than once in five years. It may be reviewed early at the demand of one of the parties in cases foreseen by legislative acts of the RSFSR and the autonomous republics.

Lessees of state enterprises operating at a loss or at low profit may be granted rent benefits by the lessor, including reduction of the rent or deferment of rent payment.

Article 10. Purchase of Leased Property

The lessee may purchase leased property wholly or in part, unless qualified otherwise in the agreement.

Article 11. Ownership and Leasing

1. The offering of property for lease does not result in the transfer of the right of ownership of this property.

Products and income obtained by the lessee as a result of using leased property are his property. The lessee also owns material and other valuables not included within the composition of leased property, and received and acquired by him through his own assets and on the basis of other grounds foreseen by law.

2. The lessee has the right to sell, exchange, sublease, loan or offer material valuables included in the composition of leased property for temporary uncompensated use if such transfer of property does not reduce the enterprise's productive and economic potential (value), and it does not violate other conditions stipulated by the leasing agreement.

The lessee has the right to make changes independently in the composition of leased property, and to reconstruct, expand and reequip it in such a way as to increase its value, unless foreseen otherwise by the agreement.

3. Improvements of leased property which are separate from the latter and which are paid for by the lessee's assets are the property of the lessee.

The lessee has the right to compensation for the value of these improvements following expiration of the leasing agreement, unless foreseen otherwise by the agreement.

4. Improvements (both separable and inseparable) financed by depreciation deductions from leased property are the property of the lessor.

5. If the condition of property returned upon termination of the agreement is worse than that foreseen, the lessee compensates the lessor for the damages in accordance with existing law.

Article 12. The Leasing Term

The leasing term is determined by the agreement. In this case a lease on state property must be of long term nature as a rule—for a term of 5 years or more.

Article 13. Amendment, Cancellation, Termination and Extension of an Agreement

1. Amendment of the terms of a leasing agreement and its cancellation and termination are permitted with the consent of the parties. A leasing agreement may be cancelled at the demand of one of the parties by a decision of state arbitration or the court in cases of violation of the terms of the agreement by the other party.

2. Reorganization of the leasing organization and change of ownership of leased property do not constitute grounds for amending the conditions or cancelling the agreement.

3. Upon expiration of the term of the agreement, the lessee has the right to renew the agreement.

4. If one of the parties does not announce termination or amendment of an agreement upon expiration of its term, it is assumed to be extended for the same term and under the same conditions as foreseen by the agreement. When an agreement is extended to a new term, its conditions may be amended as agreed by the parties.

5. When an agreement with a civilian lessee is terminated, members of his family who live and work with him have the preferential right to sign a leasing agreement.

In the event of the death of the lessee, his rights in the leasing agreement are transferred to one of his family members living and working with him and agreeing to become the lessee.

The lessor does not have the right to deny an agreement to such a person for the term remaining in the existing agreement, except in cases where signing of the agreement was predicated upon the personal qualities of the lessee.

Article 14. Examination of Disputes Concerning Execution of a Leasing Agreement

Disputes arising during execution of a leasing agreement are examined by state arbitration or the court in accordance with their competency.

Article 15. Protection of the Property Rights of the Lessee

1. The lessee is afforded protection of his property rights acquired through a leasing agreement, on par with the protection established by civic law in relation to the rights of property ownership. He may demand the return of leased property from any illegal possession, elimination of obstacles in its use, and compensation for damages to the property by all persons, including the lessor.

2. Leased property may not be seized for payment of the lessee's debts.

3. The property of a lessee may be confiscated from the lessee only by decision of state arbitration or the court.

The Leasing Association**Article 16. The Leasing Association, the Constituent Documents of the Association and the Procedure of Their Registration**

1. A leasing association is an organization of citizens voluntarily uniting on a membership basis for joint economic and other activity on the basis of leased state property (the property of enterprises and public organizations) and property belonging to them by right of ownership.

2. A leasing association may be created by the labor collective of a state enterprise (association) or its subdivisions, by a mixed collective including workers not employed by the given enterprise, or by a group of citizens uniting into a collective for the purpose of leasing.

3. A leasing association is created on the basis of a constituent agreement (the minutes of a constituent assembly), an agreement to rent state property (the property of an enterprise or public organization) and a charter, which are the constituent documents of the association.

4. A leasing association is said to be created after the agreement to lease property is signed, and it assumes the rights of a legal person from the day of its state registration with the executive committee of the local soviet of people's deputies at the location of the association.

Article 17. Creation of a Leasing Association by the Labor Collective of a State Enterprise (Association)

1. The decision to create a leasing association is made by a general assembly (conference) of the labor collective by not less than a two-thirds vote of its members.

2. Persons who vote to create the association or who have declared a desire to participate in it as members after adoption of such a decision by a qualified majority are members of the leasing association.

3. Members of a leasing association elect the board and instruct it to draft and sign the property leasing agreement.

The board drafts the leasing agreement and submits it to the organ authorized to manage the state property. This organ is obligated to examine the draft agreement within 30 days of the day of its receipt. Differences arising in the signing of a leasing agreement, including those involving unjustified refusal to lease this enterprise and with failure to examine the proposal within the deadline, are examined by state arbitration.

After the agreement is signed, the board takes possession of the property of the enterprise in accordance with the established procedure.

4. After the leasing agreement is signed, the charter on the basis of which the leasing association will operate is adopted at a general assembly (conference) of the leasing association.

5. In the event that the property leasing agreement is not signed, creation of the leasing association is declared null and void.

Article 18. Creation of a Leasing Association by a Mixed Collective and by a Group of Citizens Uniting into a Collective

1. A leasing association is created by a mixed collective including workers who are not members of the labor collective of the state enterprise, and by a group of citizens uniting into a collective for the purpose of leasing, on the basis of a constituent agreement signed by its participants.

2. After a constituent agreement to create a leasing association is created, a general assembly is convened, during which the board is elected, the draft property leasing agreement is approved, and the charter of the leasing association is adopted.

3. The procedure for signing the agreement and for creating and registering the leasing association is similar in this case to the procedure foreseen by clauses 3 and 4, Article 17 of this law.

Article 19. Creation of a Leasing Association on the Basis of the Property of a Subdivision of a State Enterprise (Association)

A leasing association may be created on the basis of the leased property of production operations, shops, departments, farms or other subdivisions of a state enterprise (association). Such a leasing association is created with the consent of the board of the corresponding state enterprise (association). In this case the leasing agreement is signed with the state enterprise (association) which leases part of its property.

Article 20. Activities of a Leasing Association

1. Beyond the responsibilities determined by the leasing agreement, a leasing association has complete freedom in its economic activity.

A leasing association may engage in any economic activity permitted by legislative acts of the RSFSR.

2. By decision of the corresponding state organs, a leasing association petitioning to do so may retain the name and government awards of the state enterprise it leases.

3. A leasing association succeeds in the property rights and responsibilities of the state enterprise which it leases, including its rights to use land and other natural

resources. The lessor may assume full or partial responsibility for paying off the enterprise's loan debt.

The obligations of the state enterprise concerning the sale of its products (performance of jobs and services) in amounts and times foreseen by agreements of this enterprise are fulfilled by the lessee. The lessor transfers to the lessee his material resources or their allocations (funds), and he implements other necessary measures ensuring fulfillment of these responsibilities.

The leasing association retains the right to centralize capital investments and subsidies, in amounts established for the state enterprise which it leases.

Rights and responsibilities of the leased state enterprise concerned with participation in the socioeconomic development of the territory in which it is located are transferred to the leasing association.

4. The leasing association ensures effective use and reproduction of natural resources, and it uses them in accordance with the purposes for which they are made available to it. It is obligated to safeguard the environment from pollution and other harmful influences.

5. The leasing association conducts foreign economic activities in accordance with the procedure established for state enterprises.

6. The leasing association independently determines the procedures for hiring and firing workers, the forms, systems and amounts of wages, the daily work schedule, the nature of work shifts, and the manner in which working time is recorded, and it establishes the procedure for granting days off and vacations.

The leasing association independently determines the duration of annual paid vacations. In this case their duration cannot be less than that established for the corresponding categories of blue and white collar workers of state enterprises.

7. The leasing association sells its products and performs jobs and services in accordance with prices and rates established by agreement with consumers, or independently with regard for consumer demand, and in cases foreseen by legislative acts, on the basis of state prices.

8. The leasing association has the right to open clearing and other accounts in any banking institutions for the purposes of storing its assets and carrying out all forms of clearing, loan, cash and hard currency operations.

9. The leasing association maintains records on the results of its activity, and it submits bookkeeping and statistical reports in accordance with the procedure established by the state for cooperatives. The activity of a leased enterprise is monitored in accordance with the same procedure as a cooperative enterprise, with regard for the unique features of leasing relations.

Article 21. The Finances of a Leasing Association

1. The financial resources of a leasing association are formed out of income from selling products (performing jobs and services), loans, assets obtained from the sale of securities, donations, and other financial resources.

2. The income of the leasing association is used to compensate for material and equivalent outlays and for wages, to pay interest on loans, to pay rent and insurance, to pay for natural and labor resources, and to pay taxes. The remaining profit is left at the complete disposal of the leasing association. It independently determines the directions of use of this profit.

3. In regard to property owned by the leasing association, the amounts of the contributions made by the members of its labor collective to creating this property, taking the form of their personal labor participation and financial and other material contributions, are determined on the basis of the conditions and in accordance with the procedure foreseen by its charter.

4. Securities may be issued on the basis of the value of the contribution of a member of the labor collective to the leasing association's property, in correspondence with its charter.

Dividends are paid on the indicated securities of members of the labor collective, in amounts determined by the labor collective on the basis of the end results of production and the developmental objectives of the enterprise. The real value of securities is paid to their bearers in cases foreseen by the charter.

The charter determines the procedures and conditions for paying dividends to members of the labor collective who have terminated their labor relations with it.

5. In order to mobilize additional financial resources a leasing association may issue securities, take out specific-purpose loans in accordance with the procedure established by existing law, and put securities up for sale in the market.

Members of the labor collective of the leasing association have the preferential right to acquire securities.

6. A leasing association may grant loans to other enterprises and organizations on the basis of its assets, in accordance with terms determined by agreement between the parties, including agreement on loan interest.

Financial assets may be written off from the accounts of a leasing association exclusively at its instructions or by decision of state arbitration or the court. Financial assets may be written off from the accounts of a leasing association without contest only in cases foreseen by legislative acts.

Article 22. Management of a Leasing Association

A leasing association is managed in accordance with its charter, on the basis of the principle of self-management, wide democracy, glasnost, and participation of each member of the labor collective in resolving all issues of its activity.

Section III. Purchase of State Property**Article 23. Forms of Purchase**

State property may be purchased either in the form of a one-time payment, where the necessary financial sum is paid to the seller at one time, or in the form of several installments, where the cost of the purchased state property is covered by the purchaser in equal or unequal portions over the course of a term of payment stipulated in the agreement.

Article 24. The Agreement to Purchase State Property

1. The purchase agreement is the principal document regulating the legal relations between the seller and purchaser of state property. It is signed on a voluntary and fully equal basis.

2. The purchase agreement determines: the composition and financial (value) appraisal of the state property to be purchased, the forms and sources of purchase, the procedure and deadline of purchase, participation of third parties in the purchase—creditors (banks) in particular, the terms of the seller and the purchaser, the guarantees of quality of the state property to be purchased, as well as other provisions which are not contrary to law and which are associated with particular features of the objects and subjects of the purchase.

5. The composition and value of facilities pertaining to the nonproductive sphere (housing, municipal, social and cultural facilities) and transferred for uncompensated use are itemized separately in the purchase agreement. The agreement indicates the responsibilities of the owner in relation to these facilities (their maintenance and overhaul).

4. Compelling the purchaser to buy more state property than he requires is prohibited.

5. The parties bear liability established by legislation of the RSFSR and by the purchase agreement for failure to fulfill obligations stated in the purchase agreement and their improper fulfillment, including for its unilateral amendment and cancellation.

6. Disputes arising in regard to execution of a purchase agreement are examined by state arbitration or the court in accordance with their competency.

Article 25. Purchase of State Property in Accordance With Conditions of the Seller and Purchaser

1. The owner of state property has the right to set conditions regulating certain rights and responsibilities of the purchaser over a particular period of time in the purchase agreement. Such conditions may include the purchaser's adoption of the following obligations:

- to pay the value of the purchased state property in kind—with products manufactured using the purchased state property;

- to supply a certain part of the products manufactured with the purchased property to consumers specified by the seller of the state property;
- not to change the assortment of products manufactured with the purchased property in the course of a particular period of time;
- not to resell purchased property;
- other obligations of the purchaser of state property foreseen by the purchase agreement.

2. The purchase agreement may also contain conditions of the purchaser obligating the seller of the state property to maintain material and equipment support and the market for selling products manufactured with the purchased property and to assist in production, scientific, technical and social development of the purchaser as well as foreign economic activity over the course of a particular time.

Article 26. Purchase of State Property on Credit

State property may be purchased completely or partially on credit. Credit is granted to the purchaser of state property on the basis of agreements determining the mutual obligations and responsibility of the parties. The creditor has the right to demand guarantees from the purchaser of state property. The owner of the state property, the RSFSR Union of Leaseholders and Entrepreneurs and other legal persons may act as guarantors. Credit may be granted on the basis of a collateral agreement having the state property being purchased as its object.

Article 27. The Moment of Appearance of the Right of Ownership of Purchased Property

The acquirer of state property assumes the right of ownership from the moment the state purchase-sale certificate is registered with the appropriate soviet of people's deputies. The purchase-sale certificate is issued after the purchase sum is entered into the corresponding budgets.

Purchase of Leased Property by a Leasing Association

Article 28. The Procedure and Consequences of Purchasing Leased Property

1. The decision to purchase leased property is adopted by a general assembly (conference) of the labor collective of the leasing association on the basis of not less than two-thirds of the votes of its members.
2. The board of the leasing association drafts the purchase agreement on the basis of the general assembly's decision and submits it to the organ authorized to lease state enterprises. This organ is obligated to examine the draft agreement within 30 days of the day of its receipt. Differences arising when signing the purchase agreement, including those associated with unjustified refusal to sell leased property and with failure to examine the proposal by the deadline, are examined by state arbitration.

3. After the agreement is signed, the board drafts the purchase-sale certificate.

4. Leased property is purchased as a rule after the term of the lease expires. Individual types of leased property and all property of a leased enterprise may be purchased prior to expiration of the term of the lease.

Article 29. Composition and Value of Leased Property to Be Purchased

1. The composition of property to be purchased by a leasing association includes fixed productive capital created prior to leasing, and the remainder of working capital that is leased or put to use in correspondence with the leasing agreement, as well as productive capital accrued at the expense of assets of the lessor or budget allocations in the course of the term of the lease.

2. Productive capital created prior to transition to leasing relations at the expense of loans from state banks is subject to purchase in an amount equal to the extinguished portion of the loan. In this case fixed capital is included in the purchase price in an amount equivalent to the unpaid part of the loan, if the source of loan payment during the time of operation on a leasing basis was the leasing association's own assets.

3. The purchase price does not include property acquired by the lessee on the basis of his own and borrowed assets (profit remaining at the disposal of the enterprise, depreciation deductions and income from the sale of fixed capital created on the basis of its own assets, funds created through proportionate contributions by members of the collective, assets from the sale of stocks, and other borrowed assets).

4. Separable and inseparable improvements of leased property made with the consent of the lessor by the lessee on the basis of his own assets are excluded from the value of leased property.

5. In the case where the lessee of a leased enterprise exercised his right of compensation for the value of separable and inseparable improvements on leased property, made by him at the expense of his own assets irrespective of permission from the lessor to make such improvements, the value of these improvements is included in the composition of the value of productive capital subject to purchase.

6. Production outlays associated with overhaul are not included in the value of leased property to be purchased.

Article 30. Sources Covering the Purchase of Leased Property

Leased property may be purchased on the basis of any assets possessed by the leasing association in accordance with the law: profit remaining at the lessee's disposal; depreciation deductions and income from the sale of property owned by the lessee; assets obtained from other enterprises and organizations; loans from commercial,

cooperative and state banks; the personal assets of members of the labor collective and contributions from citizens placed in the possession of the leasing association; assets from the sale of stocks.

Article 31. Consequences of Purchase of Property by a Leasing Association

After purchasing leased property, a leasing association may be converted into a collective enterprise, a cooperative, a joint-stock company or some other enterprise operating on the basis of collective ownership by decision of the labor collective (by not less than a two-thirds vote).

Purchase of the Property of a State Enterprise by Its Labor Collective and Creation of a Collective Enterprise

Article 32. Creation of a Collective Enterprise

1. The decision to purchase the property of a state enterprise and create a collective enterprise may be adopted by the labor collective of the state enterprise by not less than a two-thirds vote of its members.

2. A representative (constituent) council is elected at a general assembly of the labor collective in order to formalize purchase of state property and create the collective enterprise.

3. Members of the representative council bear joint responsibility in relation to obligations arising prior to registration of the collective enterprise as an independent legal person.

4. The representative council drafts the purchase agreement and the charter of the collective enterprise, and it submits them for approval to a joint assembly of the labor collective.

5. After the purchase agreement is signed, the representative council takes possession of the enterprise's property in accordance with the established procedure, and acquires the status of a collective enterprise.

A board is elected in place of the representative council at a general assembly of the labor collective.

6. A collective enterprise operates on the basis of a charter approved by a general assembly (conference) of its labor collective. The labor collective acquires the right of a legal person from the day of its state registration with the executive committee of the rayon, city or city rayon soviet of people's deputies at the enterprise's location.

7. If it so petitions, by decision of the corresponding state organs the collective enterprise may retain the name and government awards of the state enterprise it leases.

8. A collective enterprise succeeds in the property rights and obligations of the purchased state enterprise, including its rights to use land and other natural resources.

Article 33. Creation of a Collective Enterprise on the Basis of the Property of a Subdivision of a State Enterprise

A collective enterprise may be created on the basis of the purchase of the property of one or several structural subdivisions of a state enterprise (association), if the owner of the property of the given enterprise agrees to this and if fulfillment of contract obligations adopted previously by him is ensured. The procedure for creating such an enterprise is similar to the procedure foreseen in Article 32 of this law.

Article 34. Property of a Collective Enterprise

1. Property under the collective ownership of a collective enterprise, except for that part obtained through uncompensated transfer of state property and which is indivisible, is distributed among the members of the labor collective in proportion to their labor contribution.

2. Stocks of the labor collective may be issued on the basis of the share of joint property belonging to a member of the labor collective.

3. Dividends are paid to members of the labor collective on property belonging to them on the basis of the year's results. The total amount of assets used to pay dividends is approved by an assembly of owners.

4. When a member of the collective enterprise is dismissed or he retires, the enterprise buys out the stocks belonging to him, unless the enterprise's charter foresees a different form of compensating the owner for the value of his share in the enterprise's property.

Article 35. Management of a Collective Enterprise

1. A collective enterprise is managed on the principles of self-management.

2. The general assembly (conference) of owners is the supreme organ of management of the collective enterprise.

The general assembly approves the enterprise's financial plan and the estimates of outlays from consumption and accumulation funds, it approves the charter and work regulations, statutes and other standards, it elects a board (council), and it approves estimates on maintaining the management and the salaries of the highest officials of the collective enterprise.

3. In this case irrespective of the amount of his contribution to joint ownership of the labor collective, each member of the labor collective participates in management of the collective enterprise on the basis of the principle of one man, one vote.

4. The board elects a chairman (if this right is granted to the board by the charter), appoints executive directors and other executives of the management, and determines their salaries, it draws up the program for the enterprise's development, and it prepares materials to be examined at an owners' assembly.

The board may also bring in specialists—persons who are not members of the collective enterprise but who work for it on a contract basis—to work in the management.

Section IV. Uncompensated Transfer of State Property

Article 36. The Procedure for Uncompensated Transfer of State Property

1. State property may be transferred without compensation in cases foreseen by articles of this law.
2. The decision for uncompensated transfer of property is carried out by a special organ managing state property.
3. In certain cases a mixed form of transfer of state property foreseeing the sale of certain types of property (for example new imported equipment) in addition to uncompensated transfer of the principal property may be permitted at the discretion of the organ managing the state property.

Article 37. The Subjects of Uncompensated Receipt of State Property

The subjects of uncompensated receipt of state property are:

- the labor collective of the state or leasing enterprise from which the property is to be transferred without compensation;
- the labor collective of any enterprise and organization having declared a desire to take the property;
- a citizen or a group of citizens.

These legal and physical persons succeed to the property rights and obligations of the state enterprise from which property is transferred to them without compensation.

In this case the preferential right to acquire the state property transferred without compensation as collective property belongs to the labor collective of the state or leasing association from which the property is transferred without compensation.

Article 38. The Agreement on Uncompensated Transfer of Property

1. The principal document regulating legal relations arising in conjunction with uncompensated transfer of state property is the agreement, which reflects the composition and value of the state property transferred without compensation, the conditions of the owner, and other provisions.
2. The agreement foresees the composition and value of the state property transferred without compensation, the rights and obligations of the subject receiving the indicated property, the conditions of its use, and so on.
3. The agreement may include the following conditions:
—retention of obligations to deliver products of the liquidated state enterprise by the new owner;

—the obligations of the new owner to return or fully compensate for the residual value of the property in the event that he terminates his productive activity, and so on.

Kazakh Premier Describes Need for New Economic Relations with RSFSR

904A0583A Moscow SOVETSKAYA ROSSIYA in Russian 30 Aug 90 First Edition p 2

[Interview with U. K. Karamanov by S. Skorokhodov: "Sovereignty and Integration: Chairman of the Kazakh SSR Council of Ministers U. K. Karamanov Considers a New Concept for Economic Relations Between Russia and Kazakhstan"]

[Text]

[[SOVETSKAYA ROSSIYA] Practice has shown that centrifugal tendencies are capable of sundering all ties among the union republics, including economic ones. What do you think of those tendencies?

[Karamanov] I think that the most powerful blow to perestroika, distorting its essence, would be the road to autarchy, which has already been condemned and repudiated by V. I. Lenin. The desire for national isolation, the wish to ascribe all the misfortunes and problems in the region to Moscow, to the great Russian people, can lead to devastating consequences. Unfortunately, this is the dangerous substitution of concepts we are observing in certain regions of the country.

I think the first Russian Congress of People's Deputies, which involved difficult, critical discussions and the whole spectrum of opinions, will become a milestone in the rebirth of our common historical Homeland. But this is possible only if the new governmental-political leadership of the foremost republic starts down the path of consolidating all forces. The country looks with hope to a regenerating Russia.

The problem is that the "strong center—strong republics" idea gets interpreted differently in the localities. In the process, the sovereignty of the republics within the context of a renewed federation, which makes so much practical sense, is not always adopted as a basis. Frequently absent are the desire and, most of all, real steps to strengthen the further united complex of the economy. A dangerous epidemic is the route that presumes an essentially confederative structure for the Union. Modern history has already demonstrated convincingly to us on the example of many states the poor prospects that kind of structure offers for a united society, and if we take into account as well our unique characteristic, the Union's multiethnicity, then the danger of regional conflicts intensifying doubles.

We see prospects for Kazakhstan's further development in the context of a revived federation. This is the pivotal moment. It assumes a precise delimitation in the competences of the Union and the republic in planning, the

finance-credit sphere, and price formation. But what are we seeing in fact? The erection of economic barriers in individual regions, the introduction of cards and passes roping the internal market off from people from other cities—this is regional egoism declaring itself in the 73rd year of Soviet power. It is more than a tocsin! Almost the entire world has taken up the path toward economic integration and consolidated efforts. And the union-wide ties that have formed over the decades—with all their problems and experience—are a reality. Is it really possible not to see these tendencies? Must what has been created at the price of immense labor, the jointly spilled blood of several generations of the country's peoples, really be destroyed out of narrowly egotistical interests?

[SOVETSKAYA ROSSIYA] The economic relations that have formed between Kazakhstan and the RSFSR are evidently not without their problems. In what do you see the possible paths for their solution?

[Karamanov] It cannot be denied that over the decades we built our economy as a unitary organism and achieved a high degree of division of labor. The slightest stirrings in it—to say nothing of strikes or railroad blockades—provoked violent convulsions in the country. The material losses are incalculable.

But we know something else, too: by force of the union-wide division of labor that has taken shape, our economy is unilaterally oriented toward the development of the extraction branches. You know, Kazakhstan is a major producer and supplier of raw materials not only in the Union but in the world as well: rare metals, lead, chromium ore. World prices are 20 times higher than domestic prices, and for ferro-alloys five times higher. Our copper, lead, and zinc are standards of quality on the world commodity markets—that is a common fact.

Russia is no less rich than Kazakhstan, but it possesses no whit fewer distortions in the structure of its economy, although it possesses colossal productive, technological, scientific, and manpower potential. Kazakhstan needs Russia. On the other hand, can Russia get along without Kazakhstan? I think that our difficult history has already provided an unambiguous answer to this question that is scarcely consonant with the goals of perestroika.

Judge for yourself the evidence of distortions in our economic ties. In 1988 more than 58 per cent of the exports and 55 per cent of the imports of production involved the RSFSR. Almost half of what Russia provides is raw and other materials, fuel, and energy, more than a third is vehicles and equipment, and almost a quarter consumer goods. The overall volume (not including agriculture) came to 9.3 billion rubles.

Kazakhstan sends to Russia 4.5 billion rubles' worth of industrial production, 74.2 per cent of it in raw and other materials and 25.8 in finished goods.

The essence of the problem for Kazakhstan consists in fundamentally changing the structure of social production in favor of branches producing end product, the

more extensive processing of raw materials, and the development of processing industries in the republic itself. As a consequence this means lowering the proportion of raw and other materials and, on the contrary, raising the proportion of finished product in the export structure.

The time has come to understand a simple truth: the source of many problems is the system, which took shape ignoring regional interests, the hypercentralized formation and implementation of the state budget. This kind of monopolization of financial resources by the center fully corresponds to the interests of the departments and is a cause of the deformations in territorial development. I think that in years past all the republics, not only Russia and Kazakhstan, have reached adulthood and are capable of conducting mutually beneficial trade in goods independently, without the center's tutelage.

[SOVETSKAYA ROSSIYA] The opportunity for straightening out the distortions must be part of the new Union accord. On what principles would you propose constructing economic relations among the republics today?

[Karamanov] The chief principles in the economic relations among our republics must be mutual profit and equality among partners. In this area I support the development of regulated market relations. By force of the substantial excess of imports of consumer goods over exports, the creation of a union-wide market will hit our republic's economy harder than others. Especially in the near future. Nevertheless, the creation of a unitary market mechanism is an objective necessity. The transition to it will permit us to choose our partners freely and carry out an equivalent exchange of products, taking into account their individual value in each republic. In the final analysis, this value will reflect the value of the ruble and the structure of world prices. But this is the real path to the economy's recovery.

[SOVETSKAYA ROSSIYA] Will the traditional economic ties between our republics change?

[Karamanov] Russia has always been very generous and unselfish with respect to the development of outlying ethnic areas. It has helped in their advancement toward progress and spiritual and economic prosperity. Our common misfortune is that for many decades the country's economy ignored many of the vital interests of people and served departments' perverse monopolistic desires. You can see this quite vividly if you take a social cross-section of the remote rayons of Kazakhstan and the Russian heartland. Their population, unfortunately, has been done out of its fair share of many of the accomplishments of civilization; life here seems to have gotten stuck in one place. And we need to extricate ourselves from that situation together, jointly; I think there's simply no other option. I believe that in the future ties among our republics will not only not weaken but, on the contrary, will become even stronger and closer, more

diverse. And the market—unitary, union-wide—should play a stimulating role in this.

[SOVETSKAYA ROSSIYA] Does this mean that, despite the powerful incursion into the economy of cost accounting principles, the "face" of the republic in the Union's economy will remain as before?

[Karamanov] Life is quickly changing the republic's traditional look. Its economy is becoming increasingly directed toward satisfying the demands of the population, and a transition to self-government and self-financing, the freedom to choose one's partners, must hasten this process.

In the political sphere, Kazakhstan is seen as a sovereign government equal among the others, independently resolving its own problems. In the economic respect its specialization in the union-wide division of labor is preserved in extracting and processing useful minerals. At the same time, though, its relationships with the center and the other union republics will be built on equivalent exchange providing compensation in full for reproducing the local work force and the environment. This means that the value of the product produced will cover the cost of providing a respectable standard of living for the workers producing it: for housing construction, children's day care institutions and schools, social and cultural sites—for the development of the region's entire infrastructure. This is first of all. Second of all, the price will cover necessary expenditures for cleaning up the environment and restoring it to productivity.

The creation of research-intensive industries will take priority status in the structure of the future economy, and job training and education for the upcoming generation will be reoriented accordingly. Organizational forms of administration based on various forms of property—state enterprises, leasing collectives, peasant farms, cooperatives, as well as their unions, associations, concerns, consortia, and other progressive structures—will undergo extensive development in the republic. I do not think that Kazakhstan will "dissolve" in the commodity economy. It will retain the traditions and daily life of the peoples residing on its territory, its ethnic colorations, and, most of all, its community of revolutionary perestroika's social goals.

[SOVETSKAYA ROSSIYA] Today destructive tendencies in politics and economics—the point where we began our conversation—are upsetting our readers more than anything else. An increasing number of people understand that you can't raze everything to the ground and then try to construct a world without corrections and erasures—it won't work. As head of the republic's government, in what do you see the pledge of success for the constructive forces prepared and striving to lift the country to the humane aspect of socialism?

[Karamanov] As is well known, our republic chose the presidential form of government as the most relevant to the interests of genuine sovereignty within the context of a union of sovereign governments. The first decrees of

Kazakh President N. A. Nazarbayev touched on the republic's most painful problems, the social defense of the most wounded strata of the population. I think that under these conditions, with the activities of a revived parliament, many processes of perestroika will undergo much more development. After all, perestroika's chief enemy today is the shortage of time.

The consolidation of healthy forces above all must rest on a reliable, modern foundation in the form of a revived economy. An important factor in this revival is the accelerated shift of the union republics—in deed, not words—to self-government and self-financing, presentation to them of independence in the utilization of natural, labor, and financial resources, the elimination of central departmental tyranny, on the one hand, and regionalism on the other.

Secondly, the pledge of the unification of the country's creative forces is the harmonization of interethnic relations, the creation of true brotherhood and friendship among peoples. A society cannot be truly humane if the satisfaction of economic, national, and other interests of one people is built at the expense of suppressing the corresponding interests of a neighboring people. The government of the republic supports the right of peoples to self-determination and national independence. At the same time, however, it comes out decisively against any attempts to destabilize interethnic relations, the idea of separatism, and national isolation.

Today memoirs about the virgin lands, *Kazakhstanskaya Magnitka*, *Turksiba*, provoke a bitter taste, to put it mildly, among some of the newest "interpreters of history." Some people are trying to oppose *Nechernozemya*'s troubles to the flourishing of the virgin lands, to bring into collision two peoples who have been drawn to each other for centuries. I think that there is a great deal to be said against this kind of stereotypical thinking, when events are depicted in an exclusively rosy light or, on the contrary, made to harmonize with political fashion.

Like *Nechernozemya*, the virgin lands, for all their heroic deeds, problems, and difficulties, are and will remain a field of heroic labor efforts for many peoples of our country. Today hundreds of thousands of first-time workers in the virgin lands call Kazakhstan their home. Several generations have already grown up here, and they have become closely linked spiritually through customs and familial ties. We shall implement the ideas of internationalism firmly and unwaveringly.

The Kazakhs say that there is no life without unity. I am certain that a significant role will go to Russia and Kazakhstan in the matter of strengthening our great Union, in the entire course of perestroika.

Merits of Ukrainian 'Sovereignty' Discussed

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[Interview with O. S. Yemelyanov, economist, corresponding member of the AN Ukrainian SSR, people's

deputy, and vice-chairman Ukrainian Gosplan; by M. Khotsky, UKRINFORM correspondent: "Sovereignty: Separation or Integration?"

[Text] Today stormy debates have heated up on all levels of community life around the concept of "sovereignty"—from the high tribunes of people's deputy congresses and party forums to the arguments in "smoking rooms" and the dinner table. The main thought often boils down to the issue of the republic's separation, independence, and even its self-isolation. A correspondent from UKRINFORM asked a well known economist to share his thoughts on this matter, a corresponding member of the AN [Academy of Sciences] Ukrainian SSR, a people's deputy, the vice-chairman of Ukrainian Gosplan, O. S. Yemelyanov.

[Yemelyanov] Sovereignty, independence, autonomy are all necessary for us to have to such an extent that we sometimes in discussions avoid evaluating these concepts with respect to the standard meanings found in dictionaries and encyclopedias—states Oleksandr Serhiyovych. The fact of the matter is that we have become so disgusted with the dictates of the union departments, which have caused so many disasters in Ukraine, that many see things thus: all the union relations have to be cut. I would say this: by universal standards such an approach is the only right measure to take. But we, specialists and professionals, nonetheless are obligated to proceed by the realities of today and the realities of whatever means can grant us economic sovereignty and independence.

[Correspondent] This question is now being discussed widely and profoundly at the sessions of the Higher Council of the republic...

[Yemelyanov] Yes. Along with that I would like to note that discussion is generally proceeding on an emotional and often populist level. And if one were to leave aside all the bright points, then the conversation would in essence turn on two questions: whether to leave the framework of the Union or not to leave it? Yet, perhaps, it can be put better after the acceptance of our own new Ukrainian, and sovereign constitution? In many speeches, especially in those of the opposing representatives, one can hear theses that the issue of leaving or not leaving the Union, so to speak, does not simply concern independence, but that these are just words. Yet nonetheless there is still a thought behind them about the fact of leaving or not leaving. I personally think that this is the essential issue. Everything else is secondary to it. If we are an independent nation, then, naturally, questions will arise about our own army, and just now about citizenship, our money and so on. Many colleagues-deputies have doubts: can one guarantee a genuine type of sovereignty, not leaving the Soviet Union, but having diplomatic ties with it? But such doubts by speakers are very often presented as affirmations implying that in order to attain sovereignty it is impossible to do so without one's own, as they say, attributes of nationhood. My thoughts concerning this are as follows.

First of all, a sovereign nation can exist in any kind of union. So then the matter does not lie in the fact of whether or not the republic exists within the union, but in the fact of whether the union is usurping the republic's sovereign rights, or whether the union is not trying to impose its own political system, economic strategy and so on. Perhaps a state does not obtain sovereignty when an independent nation, having its own laws, declares and confers onto them authority; when on the territory of this nation only its own and simply its own laws are in force, or those laws of the union, which the people of the nation recognizes as its own, that is, ratifies. Isn't it a sovereign nation when it does not give anyone anything and in which no one has by law the right to take anything away? So the issue is stated thus: we do not need any little presents from the union. We should precisely envision what the costs are, what kind of rights are surrendered to the union by the republic, for what length of time, and mainly for what. That is, in the republic we are shaping our national riches and are fully in command of them, allocating certain funds and resources for concrete goals. We need to know exactly for what and how much we are giving, and how this is being used for our welfare. Can it be that in such a situation there are some kind of doubts about the sovereignty of Ukraine?

Second of all. Why do we need a unification? A lot of large problems and programs already exist, which can only be solved in the framework of one, mighty union, for example, the question of ability to defend ourselves, strategic armament, and so on. Naturally, with time such a necessity, perhaps, will fall away, but today to not take it into account is inadmissible. Despite the certain warming up of international relations, the ability to defend ourselves should be supported with a reasonable degree of provisions. There exist also global problems, like the cosmos, the creation of new technologies, the use and strengthening of scientific potential, which sometimes also do not have a regional character. There are also a number of questions, which can be more effectively resolved in a single complex under the coordination of the aegis of the union. If we were to allocate funds to them carefully and control their use, could this diminish the force of our laws and sovereignty? I think not.

Or let us take the problem of our coal industry, which was sharply put forth at the sessions. It was not created yesterday. For decades the branch was commanded by a union ministry. One must speak directly: they commanded in a barbaric fashion, exploiting veins in a predatorial way. And today a situation has taken shape that work in the mines—hard, enervating, has become neglected in the social planning. The coal miners are poorly provided for in terms of housing; their living areas are in a terrible condition; they are poorly supplied with goods. In this branch practically no social infrastructure has been developed. And so the patience of the people has snapped. They think that the leaders of the country are unable to resolve their problems and for this reason put forth political demands. This is understandable. But one must understand something else. No

administration, no leaders can solve today the problems which have been exacerbated for decades. And it is not appropriate to simply relate this to the matter of sovereignty for the republic.

Do we need to put the coal industry under the republic's control? Undoubtedly. But our sovereign nation—the Ukraine should put forth demands, in order for the union government to give back to the coal workers all the debts or only those which have been subjected to regulation in the well known 608th resolution. It is necessary now to fight to attain precisely this, which is precisely what our republic government is doing. Otherwise, the problems will remain. And sovereign Ukraine will have to resolve these problems at the expense of other branches of the national economy. And realistically such a possibility is very limited.

[Correspondent] I know—our element is economics. Explain, please, in more detail the concept of sovereignty from this point of view.

[Yemelyanov] Leaving the framework of the union for many seems to be a panacea to all of our problems. Many think and say: we, they imply, are such a wealthy nation, that we can quickly gain a worthy place in the world market and guarantee people exactly the level of life, which the developed nations of Europe have. But one must distinctly envision that the state of our industrial-economic potential is such that we cannot compete on an international market. And not only because of the low quality of our goods. We are incapable of being competitive because of the limits of the product's value. Analysis shows that in one of our karbovanets of goods of industrial production there is only 10 kopecks of profit. This karbovanets constitutes the basis for the income of our people, companies, the budget of the republic, and regions. But in the countries with a market economy each individual's expenditure amounts to 30-40 percent of a profit. If we were to go onto the world market, then in the price game, larger business enterprises, associations, and firms would swallow us up in a moment. And so then we would really be able to turn into a colony.

Our product is able to compete, for now, on the USSR market, where other republics' industrial potential is in the same pitiful situation as ours. Many talk about the fact that one can leave the union, but still preserve the trading ties with it. I think this is an illusion. Why would Russia in such an instance trade with us in oil, lumber, wool, when these goods are very desirable on the world market, and the prices are higher than ours on the domestic market? And other countries can provide meat and butter and metal of a higher quality than we can. It is another matter that the economic relations in the framework of the union should not be made the way they are being made now. They should be mutually accommodating, agreed upon by both sides.

The question about having our own money is being raised often, about our own financial, emission system, about our own national bank. I will say immediately: an

independent bank is needed—one subject only to the Higher Council of Ukraine. Credit and emission should be regulated exclusively only by the council. As regards our own money, here there is an issue. Many deputies, playing on people's emotions, state that what kind of state is it that does not have its own money? Let us think what is at work here. Having our own monetary system means above all a closed economy, a defense of the consumer market. If one is to talk about the latter, then possibly, such money is needed. But there will surely be not only money, but those same ration cards, goods by passports. We simply close up our inner trade only in order to prevent outsiders from transporting out from us what we really need. I will immediately make an admonition: this must be done. But by what means? To introduce our own karbovanets? I am not sure of the result. It's all the same, like the ration cards and checks... I think that such an approach is more suitable for the district councils. To the point, some of them are already using it various forms.

There is another point which I would like to describe. The statement itself about the next introduction of new money will immediately lead to social collisions, will give rise to a so-called agitated kind of demand. The population will try to make naive preparations, sweeping everything out of the stores which is left there. In just the same fashion all the people coming in from other regions will act the same way. That is, to consider that such a policy will have gains is a very problematical issue today.

And at the same time I would like to emphasize: I am for our own currency. But only of this sort. Convertible. It is necessary that our karbovanets have full currency; that it is introduced in a parallel manner with the existing karbovanets and gradually with its phasing out of use. Approaches to such a decision have already been observed. I think that they will soon be given for review to the Higher Council.

[Correspondent] Oleksandr Serhiyovych, can you say something in more detail about the union treaty, about which so much is being talked about at the session?..

[Yemelyanov] ...And which many opponents from the "People's Council" regard as an attempt to preserve everything as it was, which is what they talk about from all the tribunes to the people. One must fight to attain, and this is the main thing, a treaty of the sort which organizes us. And just in this direction, it is worth working. In the treaty first of all we must take the power away from the union ministries and departments in the administration of our national economy, the branches and the business enterprises.

And one more question: what should be first—a new constitution for Ukraine or a union treaty? Logically, it is understandable—a constitution. And if we have the chance in the next session to quickly review and pass it, then, this, you should regard as, a great success. If there really is no such possibility, then the treaty, it must be

clearly said, that the republic reserves a right to introduce into it changes in accordance with the new constitution. And then the fear that the treaty will again lead back to the old ways, will be removed.

Here it is appropriate to state something about the thesis of some opponents, as regards the "leaders from the command-administrative system, from the old past." They say, that they, it is implied, with all their strength are trying to preserve the dictates from the center, from Moscow. But this is absurd. So any kind of retrograde person, any kind of leader, and in this number also one from the old regime, wants to be fully empowered. This is an axiom. Then why struggle, so that a leader from Moscow would remain above him? There is no logic here. I would not want to be understood or construed, to make it seem as if I am supporting the retrograde people. We do not need them. As we do not need a lot old structures of administration. But one need not use an alogical argument against those with different views.

[Correspondent] Speaking at the 28th Congress of the CPSU, a candidate among the members of the Politburo of the Central Committee of the CPSU and a member of the Presidential Council, Ye. M. Prymakov characterized the sovereignty of the republic as the right to only use its own natural resources, to control and direct the funds in its budget collected from business enterprises on its territories, to create favorable conditions for business, and to carry out the ecologic protection of its population. What is your thought about this?

[Yemelyanov] I would say that such a definition is incomplete. It retains a danger for allowing token sovereignty to continue. Only a republic, only its Higher Council should designate its own economic strategy, to program its realization in accordance to its political system. The development of the national economy, the strengthening of the scientific-technical potential, the resolution of the entire economic complex's task should be fully subject to the prerogatives of people of Ukraine.

[Correspondent] Doesn't it seem to you that sovereignty, independence, autonomy in the economy should be appropriately granted to only the manufacturers of consumer production—business enterprises, firms, unions, associations... So then only by virtue of the conditions of creative freedom are initiatives, business enterprises, social-economic risks possible?

[Yemelyanov] The fact of the matter is that independent companies should not turn into antagonists against the independent councils. So they have various interests. A company will strive to give to the council in terms of taxes, customs tax, fines, and other forms of payment as small an amount as possible. But the council will always strive to get the most it can. I think that many branches of activity, especially in the social sphere, should be completely transferred over to the hands of the district organs of administration. And the use of the funds and resources should be independent, on the basis of economic accountability. This is not a simple issue. It demands a system of legal acts, the first of which is foreseen in today's session.

[Correspondent] Thus, time, judiciousness, and patience are needed, and urgently undertaken work with the realization that its goal in the final analysis is correct and one can attain the goal only by taking the path of building a lawful nation. Isn't this so?

[Yemelyanov] Time, naturally, is needed. But one must realize also the fact that we do not have it. That is, we are on the verge of a transition of having market relations. In word—everyone is for it. Indeed, they act differently. The main and very important problem here—to unify, to remake into a twofold task the problem of providing complete freedom for business enterprises and social protection for the population. Let us say directly: the world has yet to solve such a problem in one stroke. That is why today it is very necessary to create such a mechanism for regulating the market, which would guarantee the population the minimal stabilization of their buying power from their monetary income. Academics, the state planning committee, and the government of the republic are working on this now. The permanent commission of the Higher Council of Ukraine is also beginning to work on this.

AGRO-ECONOMICS, POLICY, ORGANIZATION

Technical Service Support to Agriculture Scrutinized

All-Union Conference in Kursk

904B0256A Krasnodar SELSKIYE ZORI in Russian
No 6, June 89 pp 19-21

[Article by T. Ovsyankina: "New Stage in the Supply Service"]

[Text] In February of this year a seminar-conference of the supply service took place in Kursk on the subject of "Improving the Supply of Material-Technical Resources for APK [Agroindustrial Complex] Consumers on the Basis of Introducing New Forms and Methods of Supply and Labor Organization." It was opened by V. M. Belchenko, Deputy Chairman of RSFSR Gosagroprom [State Agroindustrial Committee]. The participants, and there were about 200 directors and specialists of oblast, kray, and republic (ASSR) RSFSR agroindustrial committees and workers of lease collectives and cooperatives created in supply service enterprises at the conference, were greeted by G. A. Bereznikov, Chairman of the Kursk Oblast executive committee. In his speech he focused on the production-economic work results of the fowl industry under new management conditions. In the oblast during the last three years gross production volume in the public agricultural sector became 20-22 percent greater than on the average per year during the 11th Five-Year Plan. The 1988 state procurement plans were fulfilled for all types of farm and livestock products except potatoes and fruit.

The transition to complete cost accounting and self-financing, and the introduction of progressive forms of labor organization and reimbursement, and first and foremost of a counter-expenditure mechanism, facilitated the strengthening of the economies of kolkhozes, sovkhozes and other APK enterprises and increased the effectiveness of agricultural production. Profits from economic-financial activities last year comprised 301.5 million rubles (+38 percent as compared to 1987). Profitability comprised 27.4 percent as compared to 19.2 in 1987.

In the oblast lease relations encompass 1,088 subdivisions in which 12,000 persons are employed. The material-technical supply service has not remained outside of this work.

V. M. Belchenko, Deputy Chairman of RSFSR Gosagroprom, presented the main speech at the seminar-conference. He emphasized that in our country economic reform is gaining strength and that the center of attention has moved from the development of basic directions in perestroyka to practical matters. This has also affected material-technical supply, which plays the role of the national economy's "circulatory system."

USSR Gossnab [State Committee for Material and Technical Supply] has increased its production nomenclature by several times. Beginning this year a large group of resources will be supplied via wholesale trade on the basis of direct contracts with consumers as well as with supply-sales organizations that act as middlemen. A new Resolution on the Delivery of Production-Technical Products and the Temporary Order for the Formation of State Orders have been confirmed and put into effect. A Main Territorial Administration of USSR Gossnab [State Committee for Material-Technical Supply of the USSR Council of Ministers] has been created in every oblast, kray and autonomous republic. The idea of this measure is to bring the solution to the problem of material-technical supply closer to places where the resources are used.

Soyuzglavkomplekt [Main Administration for Ensuring the Supply of Complete Sets of Equipment, Instruments, Cables, and Other Manufactures for High-Priority Construction Projects in the Coal, Petroleum and Other Branches of Industry] has been transferred from Gossnab to USSR Gosagroprom. As noted by V. M. Belchenko, this is a great change and will affect supply operations. But there are also a number of other changes that are related to the transition of all branches of the national economy to complete cost accounting and self-financing, with changes in the system for price formation, credit, improving organizational structures and introducing new forms of labor organization.

The main impact of perestroyka on material-technical supply is the transition from fund supply to wholesale trade in products that have a production-technical purpose. RSFSR Gosagroprom has been carrying out this work for a long time, and it began significantly earlier than in other union republics. In May 1986, after a meeting in Volgograd, where the basic principles of implementing wholesale trade were demonstrated, a resolution was sent out on wholesale products trade. These agroproms [agroindustrial association] in which the supply service started this work seriously and without delay were able to accumulate fairly good experience. But there are agricultural suppliers that continued to wait for something, took a long time to get going, and as a result were caught unawares. It is they who last year were not able to increase trade volume to 25 percent of the total volume of resources delivered to APK consumers.

The speaker noted that it is impossible to explain in any other way the fact that under conditions of uniform supplies of resources in Kuybyshev, Saratov and Voronezh agroproms the level of wholesale trade ranges from 30 to 45 percent of all sales, whereas in the agroproms of the Tatar and Yakutsk ASSR's, Penza, Rostov, Kurgan, Orenburg, Omsk and Sakhalin oblasts and Maritime Kray it is less than 20 percent, and in Astrakhan, Checheno-Ingush, Tomsk, Khabarovsk and Magadan agroproms—only 10 percent.

This year the level of wholesale trade should reach no less than 40 percent of all resources delivered to consumers and this means that their sale without funds and limits must increase by a factor of 2 or even 3-4 times. It is no less important that growth in the volume of such trade be accompanied by a qualitative improvement in material-technical supply. This depends to a large extent on how efficiently resource funds filter down to the consumer. The following fact was presented at the conference. As of 1 January 1989, RSFSR Gosagroprom received from USSR Gosagroprom 98 percent of centrally-distributed resources and distributed them to practically all oblast, kray and republic (ASSR) agroproms. Nevertheless, we often have cases in which locally kolkhozes, sovkhoses, processing and other enterprises and APK organizations do not know what resources they can use to fulfill plans. This gives rise to interruptions in work, nervousness, numerous complaints and investigations.

V. M. Belchenko focused the attention of those at the conference on the fact that during the distribution of funds the most important thing is to know the needs of specific industries. First and foremost we must provide resources to enterprises that are introducing intensive technologies. It is essential to considerably improve supplies to the livestock-raising complex and processing enterprises, especially sugar plants. The majority of agrosnabs [agricultural supply organizations] have approached the satisfaction of demand of processors responsibly, which has yielded positive results. But things are not like this everywhere. There are agrosnabs which do not allocate everything that it is due to agriculture according to norms. In Saratov, Penza, Kuybyshev and Karachayevo-Cherkassy agroproms the norms for releasing cement for raw materials platforms have been cut and the sale of equipment and materials is poorly organized. The special-purpose allocation of cement, slate, cable line products and saw-timber and forestry materials has been planned for this year for sugar plants.

The problem of supplying livestock-raising complexes is related to the lack of a foundation of standards for resource planning. Under such conditions, feels the speaker, it is simply intolerable to cut the already-meager resources of these enterprises, which happened in Rostov, Voronezh, Lipetsk, Tambov and other oblasts. Here livestock raising complexes have been undersupplied by 50 and more percent with resources that they should have received according to the norms.

At the meeting a question was raised about the effective use of material-technical resources. It is no secret that supply service bases, storehouses of enterprises involved in equipment repair, kolkhozes and sovkhoses have non-disposable assets worth hundreds and thousands of rubles just standing idle. By using them there is a real possibility of improving supplies to the agricultural sector. Here the main role is to be played by commission trade, which is being carried out at the present time by about 600 supply enterprises. In 1988 they sold goods

worth over 20 million rubles. In other words, that is 33,000 rubles per supply enterprise. The figure is not a small one, but if we compare it with the quantity of unused and extra capital existing in enterprises, it will become clear that the effectiveness of commission trade is extremely low. It is essential to expand the network of commission stores. Moreover, the consumer must know exactly where, how and under what conditions he can sell a particular idle machine, part or piece of equipment. It is no less important to improve the results of commission trade and to increase turnover. The following figures were mentioned at the meeting. Whereas on the average per year each of almost 600 enterprises involved in such trade sells non-disposable items worth 2,700 rubles, their turnover in Lipetsk Oblast (per enterprise) comprises only 55 rubles.

What is the main reason for the low return on commission trade? V. M. Belchenko has singled out one reason from among many which he feels is the most basic—the poor material interest of people involved in this work. The solution to this problem is the introduction of lease contracts or the development of cooperatives to find and use surplus and unused products.

Another means of attracting into economic turnover commodity-material capital lying idle in storehouses is retail trade. Krasnodar Kray agroprom was first in the RSFSR to become involved in this. RSFSR Gosagroprom acquainted all republic agroproms with its experience. By late 1988 108 retail trade stores were already in operation selling goods to the population, to cooperatives and to citizens involved in individual work.

Conference participants became acquainted with the work of one such store, which was involved in both retail as well as commission trade, in Sudzhanskiy Rayon, Kursk Oblast. The store has been open since the beginning of this year as part of Sudzhaagropromsnab [Sudzhanskiy Rayon agroprom supply organization]. It has been given special facilities with an area of 120 square meters made of light metal construction and with an entrance outside the territory of the enterprise. The store accepts on commission and sells both new and used tractors, automobiles, agricultural machinery, equipment, stock, spare parts and material.

Production-technical goods that are accepted on commission are usually sold from the storehouse of the owner-enterprise and are delivered to the buyer by transportation belonging to Sudzhaagropromsnab. The list of available items is hung on a special stand. A commission of up to 1.5 percent of its cost is paid for items sold depending on how long it took to sell them.

Production-technical and social-consumer items are moved into retail trade if they cannot be sold on commission. The list of such goods is coordinated in the oblast state-cooperative union for material-technical supply and confirmed by the Sudzhaagropromsnab administration. The store sells surplus special clothing, footwear, various household goods as well as equipment,

obsolete brands of equipment, instruments, and spare parts for machines that are no longer in use in retail trade. The items are placed in store windows and on stands and are advertised in the press. There are models in the store to model the special clothing.

Rental points have become an effective resource for improving the supply to the agricultural complex of equipment that is in short supply or that is rarely used. Today over 60 such points are in operation within RSFSR Gosagroprom. Of course this is not enough. Participants felt that the reason that their development is being hindered is the absence of rental equipment.

The speaker felt that there was a solution to the problem, and he brought up an example. In Kuybyshev Oblast, where such points have been created in every rayon, oblagroprom [oblast agroprom] handed over to them all of the equipment in short supply that was received in 1989.

Participants in the seminar-conference were able to become familiar with one such point in Kursk Oblast as well; it was opened this year and is also attached to Sudzhaagropromsnab. The rental point has its own dispatcher where orders are taken. It has been given 16 different machines, including the KS-2561D automatic crane, the EO-3322 and EO-2621 excavators, the P-4/85 loader for the K-701 tractor, the DZ-42G bulldozer, a tractor trailer, the MAZ-5549 automatic dump truck, microtractors and others, all totalling 227,000 rubles. In the course of the year an automatic crane with a capacity of 12 tons will arrive here.

The point carries out shipments of freight and large-scale equipment, land-digging and loading operations, building-installation work, and soil cultivation of orchards and private plots of citizens via orders from rayon enterprises and organizations as well as from the population.

All mechanisms and automobile transport are operated by experienced drivers and machine operators. Rental payments are implemented according to rates confirmed by the Kursk Oblast agroprom. The 1-hour rental fee for the KS-2561D automatic crane is 13.13 rubles; for the DZ-42G bulldozer—15.17 rubles, and so forth.

At the conference the attention of participants was focused on the most important sources for fulfilling the agricultural complex's needs for resources—their economic and efficient use as well as the use of secondary materials. It was noted that assignments on economizing on resources in general have been fulfilled by RSFSR Gosagroprom. Over 400,000 tons of boiler-stove fuel, 10,000 tons of rolled metal and 40,000 cubic meters of timber materials have been saved. The total cost of saved resources is over 38 million rubles. But there are other figures as well. The overconsumption of gasoline has been tolerated in almost all agroproms, and in Voronezh, Tambov, Astrakhan and Checheno-Ingush agroproms it exceeded 20-40 percent. As before, intolerably large

amounts of diesel fuel are burned in the heat generators and boilers of Kemerovo, Novosibirsk, Stavropol and Altay agroproms.

In the work on the economic and efficient use of resources only the surface has been touched upon so far—extensive mismanagement and wastefulness is being curtailed. But resource-sparing equipment and the use of economical materials are still being introduced slowly.

At the meeting it was made clear that the operations of the supply service were being assessed not only from the standpoint of whether it provides few or many resources but also from that of whether it is convenient or advantageous for kolkhozes, sovkhozes and other APK enterprises.

This makes a priority of the task of overall expansion of the sphere of services to consumers. In particular, the topics under discussion included types of operations such as final assembly and pre-sale adjustment of equipment, centralized delivery of resources, the cutting of metal, cable-conductor products and glass, the sawing of timber and the bottling of fluids, laquers and paints. All of this not only curtails the time and expenditure of resources by consumers and provides the opportunity to immediately use the resources but is also a method for their economic and efficient use. The cutting of metal allows us to create a savings of 10-15 percent and decreases transportation expenditures. Yet RSFSR Gosagroprom operations data shows that this work is being carried out only in Irkutsk, Chita, Ulyanovsk and Saratov agroproms; glass cutting is carried out in Krasnoyarsk, Chita, Tatar and Kursk agroproms; and the separation of timber materials has been organized in Kemerovo, Omsk, Irkutsk and Rostov agroproms. The bottling of fluids has been organized by suppliers in only 19 oblasts. Novosibirsk, Astrakhan, Maritime, Khabarovsk, Kamchatka, Sakhalin, Chelyabinsk, Kabardino-Balkar, Bashkir, North Osetiya, Checheno-Ingush and other APK's are not involved in any of this at all.

At the meeting a subject of discussion was the structure and system of supply service management, on which the level of material-technical supply for kolkhozes, sovkhozes and the rest of the enterprises and organizations of the agroindustrial complex depend to a considerable degree. Here the line in favor of the formation of a single independent service remains unchanged. On the rayon level it is planned to extensively develop interfarm enterprises (associations) for material-technical supply; on the republic (ASSR), kray and oblast level—the development of unions (associations) of cooperatives and production associations.

According to available data, within RSFSR Gosagroprom on the oblast level six production associations for material-technical supply, three cooperative unions and 11 state-cooperative unions (associations) were created in early 1989. On the rayon level (at the same time) there

were 182 material-technical supply cooperatives and 60 state-cooperative enterprises in operation.

Large reserves for improving supply operations can be found in the transition to lease contracts. Enterprises of the RSFSR Gosagroprom supply service do have this experience. In Belgorod Oblast the equipment rental point has made the transition to lease contracts, in Kursk Oblast—the equipment assembly shop, in Penza—the oxygen infusion station, in Novosibirsk—the commission store, in Tyumen—the loader's brigade at the supply base, in Khabarovsk Kray—the technical exchange point, in Magadan—automobile transport. There are examples in which supply enterprises in their entirety have been leased to labor collectives.

No less important is the development by agricultural suppliers of their own cooperatives. In Ust-Labinskiy Rayon of Krasnodar Kray a cooperative has been created to find and sell to consumers material-technical valuables that are in short supply; in Maritime Kray—for the collection of worn tires and the sale of goods on a commission basis.

N. G. Yelenets, master of the loading-unloading shop of the parts office in Tyumen Oblast agroprom, I. I. Nekrasov, director of Tatishchevagropromsnab [Tatishchev agroprom supply association] of Saratov Oblast, Yu. A. Pichurin, station director for bottling oxygen and for the repair of oxygen balloons in Kamenskiy rayagropromkooopsnab [rayon agroprom supply cooperative] of Penza Oblast, V. K. Burkova, director of Kinelagropromsnab [Kinel agroprom supply association] of Kuybyshev Oblast, V. M. Solodarenko, deputy director for economics of Magadanagropromsnab [Magadan agroprom supply association] and others discussed the work experience of such subdivisions. Here collectives have signed long-term leases with enterprises for production and storage facilities, lifting-transport and technical equipment and other means of production. Lessees have received complete independence to deal with production, economic and organizational questions.

The conference came to one conclusion. Of course leasing is a voluntary matter. But this does not mean that the directors and specialists of agrosnabs must remain idle and wait for a particular collective to make the transition to new relations. Here we need active organizational work with people. Moreover, leasing should be introduced first and foremost in places where success clearly depends on initiative, and where there is a possibility of interesting workers in the results of their work and in the effective use of production assets.

The participants in the seminar-conference visited the enterprises of Kurskagropromkomplektsnab [Kursk agroprom parts supplier] (director M. L. Bogdanov), where they became acquainted with how new supply forms and methods are being introduced here as well as with how the new form of labor organization is taking hold. P. S. Kolomojets, deputy chairman of the union, spoke about the operations of the state-cooperative

union for material-technical supply—Kurskagropromsnab, under conditions of cost accounting and self-financing, and about measures it is taking to more fully satisfy consumer demand for resources which are manufactured in the oblast's enterprises.

All those at the conference noted that the time had come to create supply divisions in every kolkhoz, sovkhoz and APK enterprise and building site. Lively interest was aroused by their acquaintance with such services in Kolkhoz imeni Kuybyshev and in the Sudzhanskiy Oil Plant.

The main conclusion that was heard in both V. M. Belchenko's speech as well as in other speeches is that the supply service must direct all of its efforts at effectively helping the consumer on a daily basis.

Follow-up Report

904B0256B Krasnodar SELSKIYE ZORI in Russian
No 4, April 90

[Article: "New Stage in the Supply Service' No 6 1989"]

[Text] At the All-Russian Seminar-Conference devoted to new forms and methods of supplying the APK with material-technical resources (it took place last year in Kursk), Rostov Oblast agroprom was subject to criticism for its low level of wholesale trade. Wholesale trade made up less than 20 percent of all sales, although with equal resource availability in some oblasts in our zone it was double that figure. In 1989 sales without funds and limits were to increase by no less than 40 percent everywhere. Were Rostov workers able to achieve this?

As reported by V. Chebotarev, deputy chairman of an oblagropromsoyuz [oblast agroprom union], two seminar-conferences were also held on the Don, during which directors and specialists of bases and enterprises for material-technical supply exchanged experiences and counselled each other on how best to organize wholesale trade. This helped to expand the nomenclature of products being sold and to achieve noticeable growth in earnings. Whereas during all of 1988 this form of trade sold material-technical items worth only 82.2 million rubles, in nine months of last year alone twice as much was sold—items worth 160 million rubles, and their share in total sales increased from 16 to 41 percent.

All above-norm remainders and surplus material resources were taken stock of on supply bases, in repair-technical enterprises and in kolkhozes and sovkhozes. Then in less than two years equipment, technology and spare parts worth almost 21 million rubles were sold in 17 oblast, zonal and interrayon markets. Of this total, 7.4 million rubles were earned on a commission basis. After this, above-norm remainders decreased to 7.5 million rubles as of 1 November 1989 and as of 1 January they were lower than the norm by 488,000 rubles.

In addition to markets, agropromsnab [agroindustrial supply organization] subdivisions are introducing other

forms of improvements in material-technical supplies for consumers. In 42 rayons they have created divisions for wholesale and commission trade. In Salskiy agropromsnab there is a retail trade store, and rental points have been created in the agrosnabs of Tselinskiy, Millerovskiy, Yegorlykskiy, Rodionovo-Nesvetayskiy, Ust-Donetskiy, Proletarskiy and Morozovskiy rayons.

Structural subdivisions of the oblast material-technical supply base are preparing for the transition to lease contracts. The first such step in the near future will be taken by the enterprises of the village rayon agropromsnab.

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Establishment of Support Network

904B0256C Moscow *EKONOMIKA I ZHIZN* in Russian No 24, Jun 90 p 10

[Article by V. Yambayev, deputy director of the administration of Glavagrosnab [Main administration for agricultural supply] of RSFSR Gosagroprom and candidate of economic sciences: "Service Has Been Prescribed in Agroprom"]

[Text] Gosnab workers feel that wholesale trade is almost a panacea for all problems related to the material-technical supply of the APK. But today, when village workers are experiencing a great shortage of many types of machines and equipment, discussions of wholesale trade result in a sarcastic smile, mildly stated, among the directors of kolkhozes and sovkhoses. In reality enterprises are shorted enormous quantities of ordered equipment, rolled ferrous metals, rust-free sheet steel and other products need for industrial purposes.

I will present data on the availability of material-technical resources in RSFSR Gosagroprom (without the Non-Chernozem Zone) this year. The need for tractors and trucks, judging by the allocated limits, is satisfied by not much more than half, and for excavators, bulldozers, automatic graders and automatic cranes—by less than even that. The list showing the machines and equipment, the demand for which by the republic's agroindustrial complex is being very poorly satisfied, may be extended. In practical terms this means that enterprises will not be able to complete building, land digging, harvesting, transport and other forms of work in the full volume and in the optimum time. Such interruptions result in a great underproduction of agricultural and livestock products.

Workers in the republic's APK supply service have begun to persistently seek a solution to the difficult situation that has developed. One of the effective ways to at least "mitigate" the shortage of urgently needed resources is the special points for renting equipment that are being created within rayon state-cooperative associations for material-technical supply. In this case we are speaking about those special machines and units that are needed by enterprises and other rayon enterprises only

periodically. This is why a decision was made to concentrate their fleet in one place in order to more efficiently utilize the powerful equipment.

This kind of rental point is among the first initiatives of the end of the year before last in Veshkaymskiy Rayon of Ulyanovsk Oblast. Its collective was faced with a very specific task—to provide services primarily to kolkhozes, sovkhoses and other APK enterprises as well as to the rayon's population with all of the machines and mechanisms at its disposal.

Twenty-two machine operators and four metal workers have transferred to work in the rental point. Various equipment has been given over to them.

A large contribution to the development of a rental point in the rayon was made by its, Anatoliy Pavlovich Panin, who at the time worked as the director of rayagropromsnab [rayon agroprom supply association] and who late last year was elected chairman of Veshkaymskiy Rayon executive committee. Information on the work of the rental point spread rapidly through the area. Orders for services are arriving from various enterprises and organizations.

Veshkaymskiy Sovkhoz can serve as an example of the type of work done by the rental point. This fairly large enterprise has 4,500 hectares of plowland. It is carrying out extensive building of production and social-consumer structures using its own efforts, since in remote village areas it is not easy to find a contractor. This is why the need arises for special equipment, especially loading-unloading equipment. For example, let us say the sovkhos decides to build a House for the Livestock Farmer. To install ferroconcrete parts the K-162 automatic crane from the rental point turned out to be very useful. It also was useful in the building of residential housing, which the sovkhos actively pursues.

The TO-18 and TO-25 loaders helped in the procurement and delivery to enterprises of sand for construction purposes. For kolkhozes, sovkhoses and other consumers very important work was fulfilled in large volumes and most importantly, in a timely manner, work such as moving organic fertilizer into the field, the delivery of agricultural equipment, moving large-scale and heavy freight, and land-digging and building operations. Already during the first year 26,000 rubles' worth of such work was carried out in Rassvet Sovkhoz, in Luch Poultry Factory—22,000 rubles', and in 1 Maya Kolkhoz—10,000 rubles' worth.

The population of the settlement and of neighboring villages is also skilfully utilizing the services of the rental point. People turn to it with various requests—to obtain fuel, to bring in building materials and to carry out other jobs. The equipment rental is based on very appropriate rates confirmed by the RAPO council.

Beginning in November 1988 the machine operators of the rental point became the first lessees within the

system of material-technical supply for the agroindustrial complex of Ulyanovsk Oblast. They concluded an agreement with Veshkaymskiy rayagropromsnab on the basis of which the supply base transferred to them all equipment attached to the collective rental point as well as the buildings and structures that are essential for organizing highly-productive labor. The agreement stipulated that the collective is obliged to first and foremost carry out all work for kolkhozes, sovkhozes and other enterprises of Veshkaymskiy Rayon, and when possible—for other consumers.

Things began to go better for the collective of the rental point and it started to work more productively when it was allowed to open its current account in the local division of Agroprombank even though it was not easy to do this because of various bureaucratic hurdles. The collective now has money which it can dispose of as it sees fit. This opened up great prospects. Lessees pay out income tax and deduct assets into the union social insurance fund. All questions related to labor organization are dealt with by the collective.

Income distribution and the establishment of supplements for quality and skilful work by each member of the lease collective is a matter for everyone who works at the rental point. For the use of equipment and other basic means of production a rental payment is made based on total amortization deductions being directed into the full reimbursement of these assets. Profits remaining after paying wages are transferred by decision of the collective into a common rayagropromsnab "pot," and is used jointly for production development and to improve the social and everyday living conditions of the collective.

Veshkaymskiy Rental Equipment Point through its useful work has not only facilitated the confirmation of the authority of rayagropromsnab among kolkhozes and sovkhozes but has also made a certain contribution to strengthening the enterprise's economy. During its first year of work it was planned to carry out various types of services worth 234,000 rubles, but actually services worth over 292,000 were implemented and 70,000 rubles were earned in profits.

The past year was also successful. Primarily by increasing the technical readiness of machines and the material interest of people the volume of shipments increased by 14 percent. Total income increased by 45 percent, and profits—by 60 percent. By increasing the wage of one worker by 4 percent labor productivity increased by 17 percent.

The most important thing is that with the new form of production organization we have been able to activate one of the important factors in the economic management mechanism—the material interest of the collective in the end results of labor, when people received the real opportunity to dispose of the money they had earned. Probably this was the basic factor in the rapid dissemination of our experience throughout the oblast. In the

course of last year another six such points were created with independent current accounts in local Agroprombank divisions.

Points for renting equipment that is expensive, in short supply or rarely used in enterprises now exist in Voronezh, Rostov, Kurgan, Orenburg and a number of other oblasts and krais of the Russian Federation. In the regions of the republic that are part of RSFSR Gosagroprom there are already about 107 such production subdivisions in operation.

It is essential that similar rental points operate in every village administrative region. But the further accelerated introduction of valuable experience on providing services to enterprises and to the population is being delayed because industry has a poor record on supplying the village with the necessary special technology, equipment and mechanisms in the required quantities.

REGIONAL DEVELOPMENT

RSFSR Seeks to Improve Agricultural Situation

Food Production Potential Discussed

904B0262A Moscow SOTSIALISTICHESKIY TRUD in Russian No 6, Jun 90 pp 112-114

[Article by V. Mikheyev: "The Food Potential of Russia (How to Manage It to Lead the Republic Out of the Crisis More Quickly)"]

[Text] For some time now, it has not been a secret for anyone that the food situation has become extremely acute in some regions of Russia. The empty store counters and the shortage of the most necessary everyday commodities is one of the reasons for the growing social tension. The situation is especially serious in agriculture, the base branch of the agricultural industry. The kolkhozes and solkhozes had an underproduction of 4.3 billion rubles for last year's plan. In particular, delivery shortfalls to the state amounted to 1.6 million tons of grain, about 3 million tons of potatoes, 1.5 million tons of vegetables, etc. And although the gross production of food products increased somewhat (by just 3.1 percent), there can be no talk of an increase in production when one takes into account the growth in the republic's population.

How can the production of food products be increased in the shortest possible time? This was the key question at the regular meeting of the Council of the Agroindustrial Complex of the Russian Federation. Taking part in it were deputy chairmen of the councils of ministers of autonomous republics, kray and oblispolkoms and managers of agroindustrial formations. Participating in the work of the council were secretaries of the CPSU Central Committee Ye. Stroyev and U. Usmanov, responsible workers of the CPSU Central Committee, USSR Council

of Ministers and AUCCTU and also managers of individual republic ministries and departments, enterprises and organizations.

The conversation about priority directions began with the grain problem. And that is no accident, for precisely the shortage of grain determines the level of the food supply for the population. The picture that stands out here is far from pleasing. Russia's requirements for grain amount to about 140 million tons but its gross harvest in the current five-year plan was 111 million tons and less than that in the barns—101 million tons. Where do the missing tons come from? Basically from union stocks.

So Russia cannot supply itself with grain? It can. To do so, it is necessary to activate all reserves at the center as well as locally. Take, for example, such a generalizing indicator of the development of the branch as capital investments. Just 10 percent of their total sum in the agricultural industry go for the establishment of the material and technical base of grain farming. They have begun to allocate less mineral fertilizer for grain. According to the most conservative estimates, the farms lost about 15 million tons last year because of delays in the harvest and the weak material and technical base for the post-harvest processing of grain.

It is also time to put an end to the parasitic attitude toward grain. Unfortunately, it turned out that the annual state assistance in the form of concentrated feeds came to be taken for granted. And farm managers systematically reduced the areas planted in grain. The production of grain is declining in Saratov, Volgograd, Orenburg and Omsk oblasts. Kurgan, Tyumen, Penza, Kuybyshev, Chelyabinsk and several other oblasts have moved from the category of suppliers to consumers. A tendency toward a decline in the production of grain is observed in the Nonchernozem Zone, where areas planted in grain have been reduced by 2.7 million hectares.

We cannot count on foreign wheat: today the state has no foreign exchange for this. All managers and specialists need to grasp this truth. And measures need to be worked out that would permit farms to exist with their own grain.

To reach the level of grain production of 130 million tons this year, it is necessary to increase the area planted in grain by a minimum of 2 to 2.5 million hectares and to raise the yield by 2 quintals. This is a realistic task. To do this, however, it is essential to work things so as to ensure the maximum output from the application of intensive technologies. In this work, one needs to be guided by the fact that expenditures on the intensification of grain planting pay for themselves with an increase in yield by 10 to 12 quintals per hectare. This increase was just 9.2 quintals overall for Russia last season.

Seed growing is still another weakness in grain farming. Its neglect does not stand up to any criticism. Last year, for example, only 28.5 percent of the seed sown in the republic was of the top grade and it was only 16 percent

on the farms of the Nonchernozem Zone. Annual grain losses amount to 2.5 to 3 million tons for this reason alone. And can only really talk seriously about an increase in yield when at the beginning of the year in Novgorod, Pskov, Kostroma and Smolensk oblasts and in the Dagestanskaya ASSR only 3 to 5 percent of the seed was in the first grade? New high-yield varieties and hybrids are being introduced into production only slowly.

Science is not providing any perceptible help in resolving the grain problem. Systems that would make it possible to obtain guaranteed minimum harvests under the conditions of a pronounced continental climate and frequent droughts have not yet been worked out by zones. And as a result.... It is even shameful to name these figures. Think about them, Russian farmers, all those involved in grain growing! In the last 10 years, the increase in the grain harvest in the republic was just 1.9 quintals per hectare, or 19 kg per year!

Another urgent task in the system of measures to improve the food supply is the increase in products from animal husbandry. Here as well, unfortunately, there is no particular reason for self-praise. Last year the increase in consumption per capita through own production in the republic was: 1 kg for meat, 20 kg for milk, 60 kg for butter and 25 kg for rennet cheese. That is not much! And it is all because the rate of growth of output of animal husbandry did not exceed 2 percent. This is the direct result of the lack of attention to the development of the branch.

The situation with respect to the production of meat is causing particular concern. This is what statistics say in this connection: in 1986, the increase for meat was 824,000 tons but last year it was just 324,000. And for this year they name the volume of its purchase from the localities in the range of 11.4 million tons, which is 200,000 tons less than the level of the previous year. Take, for example, Gorkiy Oblast, whose inhabitants are continually experiencing shortages of meat products. To improve the situation somehow, about 16 percent of the amount of consumed meat is being delivered from other regions and sold. At the same time, the citizens of Gorkiy underfulfilled the 2-year target for its production by 7,100 tons. And the losses just from turning over emaciated and light-weight cattle and the expenditures for on-farm needs amount to more than 16,000 tons annually. Personal farmsteads are developing poorly here. Half of rural families do not keep any livestock at all, 63 percent have no cattle and 84 percent no pigs, sheep or goats. In 4 years in the republic as a whole, kolkhozes and sovkhoses reduced the herd by 2 million head of cattle (including 660,000 cows), 1.1 million pigs, 3.3 million sheep and goats. There is nowhere to go after that, as they say. The reduction of the livestock population should be stopped.

As for milk, its production increased somewhat in the republic last year. But it is still a long way to self-sufficiency. Every year Russian receives 200-220,000

tons of butter from union stocks and this is about 10 percent of all dairy products consumed from state resources. There will be no such possibility in the current year. Thus, the regions need to count on their own efforts.

As you know, the successes of the livestock raising branch depend to a considerable extent upon the feed base. The situation with respect to fodder has improved somewhat in recent years. But the question of the provision with concentrated feeds is still acute. It is necessary to put the main emphasis on the rational utilization of coarse and succulent fodder as well as feed from grain fodder itself. Its farms expend about 45 million tons but they process just one-third into mixed feeds. The rest of the grain is used in the form of different crushed particles, which leads to a significant overconsumption of fodder. For this reason, it is necessary to accelerate the provision of farms with units for the preparation of mixed feeds.

A separate question is that of the quality of feeds. The chronic 15 to 20 percent protein shortage in coarse and succulent feeds leads to the overconsumption of more than 10 million tons of grain. This is why each kolkhoz and sovkhoz should utilize all possibilities to expand the areas sown in high-protein crops, including leguminous forage plants. For the first time last year, 100,000 tons of rape were put up in the republic. Everything possible needs to be done to expand its plantings. At the same time, very serious attention needs to be paid to the construction of fodder storage facilities. The situation with respect to them today does not look very good. There are storage facilities for just 34 percent of hay, 17 percent of root crops and 80 percent of silage and haylage. And in such oblasts as Volgograd, Saratov, Orenburg, Novosibirsk and Chita and in Altayskiy Kray, there is storage for no more than 5 percent of hay and root crops. But it is generally known that to put fodder under a roof means to supplement its reserves by almost one-third without increasing production. Nevertheless, every year the targets for the construction of these facilities are not fulfilled.

According to the data of RSFSR State Committee for Statistics, 15 million tons of grain, 4 million tons of potatoes and 2 million tons of vegetables are lost every year in all stages of production and processing. Meat losses amount to almost 200,000 tons. For Russia as a whole, with a total volume of production of food commodities of 65 billion rubles, the population is short of these products by 12 billion rubles annually. Just think what a huge breach this is in the public economy!

This situation is predetermined by the extremely weak material-technical base of processing and storage. This is the reason for the slow increase in food commodities. Instead of the necessary 8 to 9 percent, the food industry plans a rate of growth at the level of 4.4 percent, 1 percent for the production of sausage products, 3 percent for cheese and 4 percent for fruits and vegetables and canned products. This is why, along with the maximum

utilization of local raw materials and secondary resources for the production of food products, it is necessary to make better use of the potential of industry enterprises. According to published data, "urban patrons" performed work and delivered equipment for the food branches of the republic in the amount of 250 million rubles, an average of 3 to 4 million rubles per oblast, which is clearly not enough.

The construction of facilities furnished with imported equipment must be under special control. The Government of the Russian Federation took extreme measures and bought this equipment for \$550 million. But it is not being used efficiently. For example, all 12 sets of lines for the output of liquid margarine are still at construction sites and the company warranties on them expire in the fourth quarter. They have purchased 26 sets of lines for the production of crackers and dry breakfasts. All of them will arrive in the first half of the year and must be put into operation by the end of the year. In Kemerovo Oblast and Khabarovskiy Kray, however, from which requests for equipment have come, they do not yet have any project planners or contractors for this work. Individual oblasts are now receiving equipment for the production of long macaroni. At Orsk Macaroni Plant, unfortunately, the equipment has long been idle because of the unpreparedness of the space for assembly. The RSFSR Council of Ministers also assigned personal responsibility to the managers of agroindustrial agencies for the timely putting of imported lines into operation.

The work to introduce new production relations in the countryside requires the close attention of managers of all levels and specialists. At the present time, 15,700 kolkhozes and sovkhozes, or 62 percent, utilize the intrafarm lease contract but the proper yield has not yet come about. There is still a lot of formalism here. Contracts are signed for one season. They do not give lessees the opportunity to manage independently. The accounting prices for output are set too low. Lessors frequently violate contractual obligations. Little attention is paid to the economic instruction of lessees. The time has come to deal with their training very seriously. It is necessary to review the curricula in *teknikums* and agricultural vocational and technical schools and to convert these training institutions into unique centers for the preparation of lessees and farmers.

Locally it is necessary to strengthen the work for the making of contracts and for raising discipline of deliveries to union-republican stocks. It is necessary to exclude from practice such cases, as last year, when they disrupted shipments of meat and meat products to Moscow and Leningrad, to Sverdlovsk, Murmansk and Tyumen oblasts as well as to other industrial centers and regions of the Far North and Far East. And all because Bashkirskaia, Tatarskaya and Mordovskaya ASSR, Krasnodarskiy Kray and Volgograd, Orenburg, Omsk and Rostov oblasts gave 165,000 tons of meat too little to republic stocks. At the same time, more than 200,000 tons of it were overexpended for consumption in the RSFSR. Such local preference forced the RSFSR

Council of Ministers to apply economic sanctions against violators of state discipline. In the future, funds from the local budgets will be withheld from those regions that do not fulfill the plan for deliveries of output to centralized stocks, their volumes of construction and installation work will be reduced by 3 million rubles for each 1,000 tons of shortfalls in deliveries and the bonuses to managers of soviet and agroindustrial bodies will be reduced.

It is quite probable that some people will consider these measures offensive and unfair. But the time itself and the existing situation dictate them. The country no longer feeds itself! Comparing 1970 with 1980, during that time purchases of grain abroad increased from 1.2 to 20.3 percent, meat from 2.3 to 7.4 percent, butter from 0.2 to 15-20 percent and vegetable oil from 2.6 to 25 percent. The state debt for these purchases reached a very significant magnitude. And Russia must find the strength to get out of the food crisis. The main directions in this path have been determined.

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Editorial on Yeltsin's Approach

904B0262B Sverdlovsk URALSKIYE NIVY in Russian
No 5, May 90 p 2

[Editorial by science editor V. Samoylov: "Program for the Renewal of Russia Formulated by B.N. Yeltsin"]

[Text] Boris Nikolayevich Yeltsin, who not so long ago was first secretary of the Sverdlovsk Party Obkom, charged into the election campaign in Sverdlovsk for the right to be a deputy of the RSFSR Supreme Soviet powerfully and confidently and immediately altered all preliminary assessments and estimates. The competing candidates felt very uncomfortable. They were facing the dilemma of whether they should continue to appear before voters under radically changed conditions and diminished chances or give up hope and declare themselves defeated ahead of time. Everyone had to make a choice and it was not easy. One has to sympathize with these people. They were left with just one consolation: they did not concede to just anyone but to Yeltsin himself.

It was interesting to observe how he carries on an election campaign. His popularity, of course, worked for him and this was something that the other candidates for the deputy's mandate did not have. But Yeltsin would not be Yeltsin if he depended only on his previous notoriety. His preelection platform was perhaps the most meaningful and responded to the most urgent questions of our difficult reality. It stood out among the other platforms. Without straining one can call it a "Program for the Renewal of Russia."

The form of government? A sovereign democratic republic with a parliament and president elected for no more than two consecutive five-year terms. Elections?

They must be direct, secret and equal on the basis of an alternative. Communist Party? Russian with an unbureaucratic organization and transfer of a number of rights to the primary organizations. Army? Fundamentally reorganized. A professional army in the Soviet Union and territorial militias in Russia with a period of service of 10 months performed at the place of call-up. Economic recovery? Through a basic change in economic relations and the urgent adoption of a series of laws: on ownership, the land, taxes, the enterprise, local self-administration and freedom of the press. Note well: freedom of the press. A way out of inflation? By saturating trade with commodities rather than as Abalkin wants—by freezing wages. Abolition of illegal privileges? Immediate and everywhere without any parliamentary commissions...and much, much more.

You have a remarkable feeling when you are present at the election meetings of B.N. Yeltsin—a feeling of unconditional confidence in the speaker. It cannot be said that the measures that he is proposing are always a revelation. So it is all a matter of the personality of the orator and his reputation as a consistent supporter of the renewal of our entire life style—a most systematic and decisive renewal. Obviously of considerable importance is his very manner of conversing, not showing any timidity at even the most abrupt turns and not looking for rubbery formulations. And this is why immediately after the start of the meeting the bulk of the audience becomes firmly convinced: he is one of ours. And they listen to their own man more attentively and believe everything he says. If their own man makes a mistake in something, they easily forgive him, equating the failure with an annoying chance happening.

Here, in the Urals, the positions of B.N. Yeltsin are rather firm, despite all the propagandistic noise made about his trip to the United States. He has opponents, of course; otherwise, the preelection struggle would be called something else. A triumphant procession, for example. There is a certain percentage of people who do not believe any old party functionaries at all. There are critics of individual positions of his program. But no one has tried to refute its basic themes. Indeed, this is probably impossible. After all, it is a matter of the ways to develop the republic but they can differ. No one is forbidden from arguing about them. The elected representatives of the people—the deputies—will decide whose arguments are most convincing and they will do so in a democratic way, taking into account the opinions of their voters.

How does B.N. Yeltsin react to the criticism and unpleasant questions? Normally, in my opinion. He takes sensible comments into consideration but ignores the polemical attacks, leaving them on the conscience of the speaker. His election program is not ideal, of course, and he does not consider it as such. On the contrary, he is prepared to improve and define [his program] more precisely. And there have already been such examples.

How feasible are his proposals? It is difficult to be an oracle. We know that in the stage of the practical implementation of any idea one encounters many underwater shoals and at times things do not turn out at all as was thought. Especially if some questions or others have not been studied adequately. Such a point in the program of B.N. Yeltsin, a very vulnerable link, in my view, is the problems in agricultural production. "Carry out a radical land reform in Russia, restore the peasantry and give it the absolute right to choose the forms of organizing their own labor. Turn the land over to ownership with the right of inheritance. Limit state purchases"—here are all the proposals on the most burning question of our sick reality. Even if this quote is viewed in context and in connection with other parts of the program, the answer to the requests of the agrarian sector cannot be considered adequate. I fear that for the people's deputies of the RSFSR Supreme Soviet as well, this part of Yeltsin's program will seem too incomplete without additional work.

But much of what B.N. Yeltsin is fighting for with his innate vigor and passion and with broad support is seen as extremely necessary, because he is promising a way out of the persistent crisis or, figuratively speaking, light at the end of a long and dark labyrinth. Even if the program for the organization of life in a new way cannot be fulfilled completely for some reason, the ideas once expressed will live and operate, attracting more and more new supporters. This is the nature of ideas. But the implementation of even 70 or 80 percent of such a program is a huge step forward on the way to the establishment of a democratic and flourishing Russia.

Sensing that I may be accused of a particular bias in favor of B.N. Yeltsin, I want to explain myself. We citizens of Sverdlovsk, of course, know him better than others do. Just as almost everyone else, he is far from being a saint. But on this basis can one fail to respect a person of a strong and independent nature who knows how to fight for his convictions? It is now up to the RSFSR Supreme Soviet to assess what some programs or others are worth and who should be entrusted with their direct implementation. There is only one thing left for us to do—wait. But whatever decisions are made there, we cannot escape the fact that there is no other person like Yeltsin in the Urals.

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RSFSR Gosplan Official on Replacement of State Orders by 'Tax in Kind'

904B0208A Moscow SOVETSKAYA ROSSIYA in Russian 25 Apr 90 Second Edition p 2

[Article by A. Kamenev, RSFSR Gosplan first deputy chairman: "A Rejection of the State Order"]

[Text] Today, it is becoming ever clearer that the economic reform is not keeping pace with the development of the situation in the country and that its real fruits are maturing slowly. Store shelves remain empty and the

tension in society is growing. Everyone—from the ordinary worker and peasant to the highest echelons of executive power—understands that this cannot continue for long. Decisions, which would revive the economy and give it an impetus toward development but which would—at the same time—not violate the principles of social justice, are required.

Among other things, it is perhaps necessary to take a very responsible and practical step—shift from the state order to a tax in kind on the basic types of products and raw materials combined with free trade in agricultural product surpluses. This, in turn, would force the question of establishing equal economic management conditions and new levers for centralized planning's impact on the expansion of agriculture, to be posed in a new way. In other words, the determination of precise measures and methods for this impact is on the agenda.

This is no easy task. It is not an easy one because there is essentially no precedent in this matter. Can one use the experience from the introducing of a tax in kind during NEP [New Economic Policy]? During those times, however, establishing more or less fair rates for a tax in kind on the peasants' lands with their horses, horse-drawn ploughs, harrows, and bast-baskets was a comparatively easy matter. Today, it is quite a different situation—a decided enlargement of agricultural production has occurred, its economic structure has become much more complicated and the century of specialization and industrialization has arrived. And what a variety of zones, landscapes and management conditions there is! Try to determine, for example, what tax would be fair today, that is, how many agricultural products should, for example, Kaluga Oblast peasants deliver to the central fund and to the food fund of the union republic, and how much should the Altay Kray villagers?

This question is an especially complicated one for the Russian Federation's regions. Today, 22 territories of Russia, for example, the rayons of the Far North and Sverdlovsk, Chelyabinsk, Tyumen, and other oblasts, receive more than a million tons of meat according to a multiple purchase order in the form of required subsidies; considering meat deliveries to the all-union fund, the total amount of centralized redistribution, that is, the redistribution of what has already been produced by someone, is two million tons—a fifth of the total amount of purchases. The situation in milk and dairy products is similar: More than 12 million tons find themselves in centralized redistribution—almost a third of the purchases. From whom and in what amounts should one take this milk and meat in order to be "fair?"

USSR Gosplan [State Planning Committee] specialists are essentially proposing a further estimation of withdrawals from what has been achieved, that is, to take as the minimum those product delivery volumes which took shape during the current five-year plan. However, it is clear to everyone that planning from what has been achieved leads to defects and injustice in the "collection of tribute." Let us take, for example, two oblasts—the

Novosibirsk and Pskov—different zones and very different management conditions. However, there is one great similarity about which the majority of the readers evidently do not have any suspicion: these oblasts occupy the adjacent 46th and 47th places based on the use of the agrarian sector's production potential. In other words, the people of Pskov and Novosibirsk work about equally in agriculture, that is, with approximately the same efficiency. We will not clear up what this return is now. It is important for us to establish the fact that—with the identical work by them—there should seemingly be an identical amount of produce on plates. However, this is not so. The people of Pskov occupy a very unenviable 67th place in meat consumption but the people of Novosibirsk—where it is more becoming—the 24th place. What justice!

Today, planning from what has been achieved stimulates not the one who expands and increases production but very often the one who during the current five-year plan artificially held back deliveries to the central funds and the one who directly violated state delivery discipline.

Thus, where is the way out? Perhaps, the immediate introduction of a free market will save us? They say that only a free market can radically change the situation—a free market where each master grows what he wishes, takes his goods where he wants and sells them at the price that he can.

It is clear that there is a grain of rationality in this free movement of goods. In this case, however, one cannot manage without a state fund and without the establishment of a food and raw material commodity fund. Yes, the RSFSR has one and a half hectares of agricultural land for each individual—with skillful management, this is quite sufficient to feed all the population. However, how are these areas distributed? Murmansk Oblast has only 0.03 hectares of arable land, pastures and hayfields per capita while, for example, Stavropol Kray has 2.3 hectares. It should be clear to the individual, who studied geography if only in secondary school, that one can grow much more produce on a Stavropol hectare than on a Murmansk one and that the expenditures for this cultivation will be far less.

The fervid imagination of the theoreticians for the immediate introduction of an absolutely free market paints a picture in which the northerners transport about the country the fish they have caught and the ore they have mined and sell them, and special trains with cabbages and potatoes travel to the Kola Peninsula for them. However, what will be supplied in this case to the inhabitants of the city of Nikel, for example? You see, the ingots of the metal of the same name, which are smelted here, wholly and completely go to the state since they are considered a strategic raw material—and not without foundation. What will the center pay the inhabitants of Nikel with? With rubles made from this nickel? Moreover, it is as clear as the noonday sun: With the immediate introduction of a free market for food, the prices for it will shoot up beyond any measure.

In a word, one will not manage without a "common cauldron" and without a central fund to which each master in all fairness should give part of his product and from which he can receive something when necessary. The whole matter lies in correctly calculating this portion of the product. We repeat, the task is a very complicated one. Many economists generally think that it is fundamentally unsolvable on the scale of such a heterogeneous and multi-zoned republic like the Russian Federation.

Nevertheless, we in the RSFSR Gosplan, having sorted out and calculated many different variants and having pondered over and compared various points of view and various models, have come to the conclusion that any production facility, including an agricultural one, has certain key points and its own constants which permit reducing the task to a certain unity for all the variety of initial data. In other words, we have attempted to express the capabilities of each region in comparable units.

The climate of an oblast or region, the fertility of the soil, the amount and variety of equipment, and the presence and quality of roads, storehouses, etc., are primarily taken as the starting points in our model. It is clear that there are very many of these indicators; however, we are translating all this motley and diverse life into so-called standard comparable hectares using a table of carefully calculated coefficients, that is, we are reducing them to a single denominator. Thus, for example, we have converted the more than five million hectares of fertile Krasnodar black earth with all the numerous working Kuban population and its powerful modern equipment into 13 million standard comparable hectares, but the not too fertile four million hectares of agricultural arable land in Tuva—a republic without an ancient agricultural tradition and, moreover, one not burdened with a surplus of equipment—to 646,000 comparable hectares in all.

All of the produce, which is produced on these standard comparable hectares, is subsequently calculated in rubles. Having divided the cost of the oblast's, kray's or region's produce into the amount of comparable hectares, we receive a figure which permits, in our view, a rather accurate and objective comparison of the usage level of the production potential in that oblast, kray or region. Knowing this, that is, picturing how completely the peasants in this or that oblast use everything, what nature supplies to them, and what the state grants them and also knowing how many mouths live on that territory, the tax in kind can be calculated in a fairer manner without any mutual resentment. Thus, the supplying of the population with food products will finally be directly dependent on the ability to manage based on those capacities and those conditions that exist.

We will not weary the reader with the numerical details of calculating the standard comparable hectares and with

other special details such as the calculation of the aggregate commodity product and its structure, the differentiation of the production increase in the future depending on the usage level of the resource potential, the equivalent exchange of one natural product for another, the calculation of the rational consumption amounts for food products per capita, and others. The main thing is that this tax in kind, that is, the removal of agricultural products to satisfy state requirements, in our opinion, comes as close as possible in this version to a modern reading of the Leninist idea of a tax in kind: Conditions are being created for the genuine independence of farms, the market is being made more active, and—along with this—levers for the planning impact on the development of production and prices are being preserved. We assume that these completely evident advantages are sufficient for the new mechanism to use in its pre-planning calculations in the future. Such a fair approach is primarily required in the Union's relations with the union republics, including with Russia.

Discussion of Problems Affecting Peasants in Moldavia

904B0240A Kishinev SELSKOYE KHOZYAYSTVO
MOLDAVII in Russian No 5, May 90 pp 2-4

[Article by V. Zabulika, Candidate of Economic Sciences: "The Peasant Contributes Greatly. But how can we help him?"]

[Text]

- The harvest of fruit and berries—55 percent of the plan.
- First place in proportion of private plots that do not have livestock.
- Lowest Wages for a kolkhoz member.
- Thirteenth place in terms of duration of life in the country.

It is generally known that the republic's economy is dependent to a considerable degree upon the development of the agro-industrial complex, which accounts for approximately one half of the total social product and the fixed productive capital. Meanwhile, there is just cause for alarm over a sharp reduction in the rates of growth for its output. Compared to the 1966-1970 period, these rates declined from 5 to 1.9 percent in 1986-1988 and in field crop husbandry—from 5.3 to 0.1 percent.

What brought about these changes?

The unrealistic output production plans assigned to the farms resulted in a disruption in the crop rotation plans. As a rule, the logistical funds did not meet the production requirements and this brought about violations of the technology. The situation was also aggravated by shortcomings in personnel training and by a lack of interest by the personnel in the final results of their labor.

When displaying initiative aimed at increasing the production of a particular product, the republic did not always achieve its planned goal. The well known decree of the Central Committee of the Communist Party of Moldavia and the Council of Ministers of the Moldavian SSR, adopted in 1980, called for an increase in the area of industrial type orchards of 65,000 hectares during the 1981-1985 period and for the gross production of fruit and berries to be raised to 1.8 million tons in 1985 and in 1990—to 3 million tons. The actual harvest in 1985 was only 999,000 tons, or 55.5 percent of the planned level.

However, some factors affecting the reduction in the efficiency of agricultural production include state ownership, monopolization, excessive centralization of the functions of planning and distribution, violations of democratic principles and distortion of the principle of payment for the quantity and quality of work performed. As a result of the administrative-command methods of administration and the deprivation of the peasants of ownership and their democratic rights, a reduction took place in their activity and they lost the sense of being an owner.

The assignment to the kolkhozes of large plans for the sale of products to the state, the volumes of which often approached the volume produced, deprived the farm leaders of the right to distribute their products, based upon a decision handed down by the administration or a general meeting, to the direct producers. This was promoted by the conversion of the kolkhoz members over to monetary payments, an action which reduced sharply the distribution of payments in kind to the peasants. Compared to 1965 when 7 percent of the gross yield was issued as wages and one kolkhoz member received 212 kilograms of grain, in 1988 the figures were 1.9 and 92 respectively.

Unfortunately, scientifically sound norms for allocating products from the public economy to the peasants have still not been developed. The principal controlling indicator—the sale of products to the state. The goszakaz [state order] also has not solved this problem.

The conversion over to monetary wages and a sharp reduction in the sale and issuing of grain affected the development of the private plots. In 1987, Moldavia occupied first place among the union republics in terms of the proportion of private plots that did not have livestock—56 percent (the figure for the country as a whole—34 percent. In 1988, 45.3 percent of every 100 kolkhoz families and 51.7 percent of the sovkhov workers did not maintain hogs owing to feed difficulties and 20.4 percent of the families and 13.6 percent of the sovkhov workers—because of a lack of animals.

This explains why those who still maintain livestock were forced to engage in various violations: to use food products (grain, groats, flour and others) as livestock feed, to purchase stolen grain or to encroach themselves upon the output of the kolkhoz and sovkhov fields.

The development of livestock husbandry operations on the private plots is also being restrained by a shortage in pasture and haying lands and by unjustifiably high material expenditures. In 1988, its proportion of the republic's overall volume of agricultural output amounted to only 17.9 percent. During this same year, the average monthly wage for kolkhoz members was lower than that for the country as a whole—166.2 and 181.8 rubles.

The peasants are experiencing considerable difficulties owing to a non-equivalent exchange of products between industry and agriculture. The increase in prices for equipment, with negligible changes in its technical-economic indicators, is bringing about an increase in the cost for acquiring this equipment. For example, in order to purchase a "Niva" combine, a farm must sell 25 hectares of wheat.

For some agricultural products, low purchase prices have been established that are not even sufficient for covering the expenditures for producing them. All types of livestock husbandry products are unprofitable at kolkhozes: the prices are established by the state and the principal volume of products is also sold to the state. This is why it is impossible to stimulate production growth or to convert over to the principles of cost accounting and self-recoupment.

A social question, specifically the housing problem, is deserving of attention. In 1988, the availability of housing in rural areas per resident amounted to 21.3 square meters and in the city—13.3 square meters. As a rule, the peasants build their own houses, whereas the manual and office workers are given governmental apartments. Of the available urban housing, 26.2 percent was privately held by citizens, while 94.9 percent of rural housing was privately held, which cannot but influence family budgets. During this same year, kolkhoz members spent 2.4 times more money for acquiring construction materials than did manual and office workers. This does not reflect the difficulties associated with the allocation of tracts of land and the acquisition of construction materials.

The problems concerned with medical services are being solved in an even worse manner. With regard to the availability of hospital beds, rural and city residents are confronted by roughly the same conditions. However, the equipment in hospitals and the availability of medical personnel are worse in rural areas than in cities. In 1986, there was one doctor for every 200 residents in a city and in rural areas—one for every 365 persons.

Pesticides constitute a special danger. In terms of the use of these preparations, Moldavia surpasses the country as a whole by several times. This is resulting in the birth of children with birth defects and poor physical development. Thus the number of students in schools for children with mental and physical defects increased throughout the republic in 1988-1989 by twofold compared to the 1970-1971 period and amounted to 11,800

individuals. It is by no means an accident that many young people, because of their medical indicators, are released from having to serve in the army and this applies particularly to rural youth. The mortality rate for children is high.

The complicated production conditions, the length of the working day, the high proportion of manual labor, the low level of technical education and other factors have brought about an increase in the number of invalids among kolkhoz members compared to manual and office workers. In 1987, the number of kolkhoz members recognized as invalids for the very first time per 10,000 members of the population was higher by 11 percent than among manual and office workers.

Improvements are needed in trade and the peasants must be supplied with food products, since the public economy is not making these goods available in the quantities required. Nor are the private plots always satisfying the demand for products. In 1988, the level of commodity turnover per capita in the republic was higher (699 rubles) than in the rural areas (599 rubles) by 16.7 percent.

Kolkhoz members consume fewer high calory food products. Thus, in 1988 the consumption of meat and meat products per kolkhoz member was 37 kilograms, for manual and office workers—60 and for the republic as a whole—55 kilograms. Milk consumption by kolkhoz members was lower by 33.9 percent than that for manual and office workers and fish—lower by 30.5 percent. As a result, the food rations for kolkhoz members contain less protein of animal origin and their ratio of proteins, fats and carbohydrates is worse.

The working, living and food conditions, combined with other factors, are having a definite effect on the duration of life. In 1988, Moldavia occupied 13th place among the union republics in terms of this indicator. The longevity for males is 64.3 and for females—71.3 years. When we consider that the country's indicators are considerably lower than those in other countries (France, Norway and Austria—76; Sweden, Switzerland and Japan—77-78 years), then it becomes clear that the republic must adopt urgent measures aimed at improving the population's health, especially that of the rural population.

These then are some of the results of the socio-economic, national-state and cultural policies carried out throughout the republic. They reveal rather convincingly the true economic and social status of the peasant—an industrious and patient worker who lives with the hope that his voice will be heard and that the time will come when proper solutions will be found for the long-standing urgent problems.

And what is actually happening? The workers attached to industrial enterprises are advancing slogans and creating various organizations for protecting the interests of city-dwellers alone.

Moreover, this is taking place in those cities where the level of support, for example, in food products, is considerably higher than in other areas. Thus, in terms of its per capita level for commodity turnover in food goods, the city of Tiraspol in 1988 surpassed the indicators for Kakhula, Dubesar and Ugen by 31-41 percent and for meat—by a factor of 1.8-2.2. Tiraspol is also better supplied with dairy products, eggs, sugar, vegetables and fruit. The residents of Rybnitsa and Bender are supplied with meat at roughly the same level.

If a comparison is made with nearby regions, then Tiraspol stands out even more clearly: in commodity turnover in food goods, it surpasses Sloboziyskiy Rayon by a factor of 1.9, Grigoriopolskiy Rayon—by a factor of 1.6 and in the case of meat—by factors of 3.2 and 2.5 respectively.

As is known, the country has had some rather bitter experience, with the peasants boarding up the doors and windows of their homes and fleeing to the cities, thus changing their status from producers to consumers and forcing the state to increase its importing of agricultural products. Yes and all attempts at returning the peasants to the lands they abandoned have proven to be very expensive.

In Moldavia, these questions have a national coloring, since it is mainly people of the native nationality that are working in agriculture. Thus it makes no sense to aggravate the already complicated social and political situation in the republic. In order to improve the food problem in the republic, we must recognize the peasant as the owner of the wealth produced by him and not interfere in his work.

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AGROTECHNOLOGY

Agrarian Committee Discusses Grain Production, Imports

904B0220A Moscow SELSKAYA ZHIZN in Russian
20 May 90 p 2

[Article by V. Solovyev, special correspondent of SELSKAYA ZHIZN: "What Kind of Masters Are We?"]

[Text] It was during a meeting that the phrase expressed in the title was uttered by a member of the Committee for Agrarian Matters and Food Goods of the USSR Supreme Soviet. In all probability, it was this more than anything else that defined the nature of the discussion that took place on an important question—the future prospects for state policy in the area of imported grain.

Generally speaking, a number of important and impartial questions were raised. For the very first time, the peoples' deputies had entered this sphere which earlier was considered to be a "zone beyond criticism." Questions concerned with the development of such foreign

economic relationships were examined, taking into account dozens of political nuances, with only a minimum amount of attention being given to the needs and plans of the kolkhozes and sovkhozes themselves.

Thus the cheerful assurance of the speakers that grain imports would decline just as soon as there was an increase in the country's grain production was sharply criticized. It was said that everything is dependent upon agrarian scientists and that we—mere humble executive agents—are forced to compensate for your mistakes.

Indeed, it is a fact that the country's gross yields are increasing with each passing year and yet at the same time our foreign grain purchases are also increasing. Last year alone, despite a harvest of more than 205 million tons, we purchased 38 million tons of grain, one third of which was food wheat and more than one half—fodder grain (the remainder was soybeans and oil-seed meal). As reported by the USSR Minister of Foreign Economic Relations, K.F. Katushev, there will be no decrease in this year's sales volumes. However, according to international forecasts, including a forecast by the TsRU [Central Intelligence Agency], and as reported in the press, this year's harvest in the USSR promises to be greater. Where is the link between production and purchases?

In addition, it is a fact that our internal agrarian policies are not being coordinated with foreign food policy. At the present time in our country—and those committee members who delivered speeches cited dozens of examples of this fact—the producers of grain do not have strong motivation for increasing their production. For all practical purposes, the decree on currency stimulation was a complete failure. And this occurred mainly owing to the fact that it was adopted too late. Moreover, the mechanism for implementing it was very complicated. What is to be said if even the members of the USSR Supreme Soviet complained over the fact that in 1990 it was only with difficulty that they received the rubles earned through the sale of wheat and also regarding bureaucratism and the low rates. The following reasonable question was posed: by whom and why were such unfair normatives established, with only a freight car of cement being presented for the sale of a freight car of wheat?

A question regarding the structure of imports was posed quite fairly. Logically, it would seem that it should supplement our requirements. And it is completely incomprehensible when goods are imported which we are already producing, while at the same time products which we need are not being purchased, particularly high protein feed. Such an example was cited during the meeting—a comparison of the USSR against the YeES [European Economic Community]. With approximate equality in milk and egg production, we produce 19 million tons of meat as opposed to 30 million tons in YeES countries. And our animal husbandry operations consume more silage, root crops and hay than do their operations. However, we consume 5.2 million tons of

high protein feed and in the YeES—40. Here then is the key to understanding the problems concerned with meat production. And in this regard, the question (for which an intelligible answer has still not been obtained) regarding the feasibility of purchasing grain fodder in such volumes is completely justified if we take into account its price plus transport expenses (according to the deputy minister of the USSR maritime fleet N.P. Tsakha, last year alone we paid 409 million rubles for freight expenses). Would it not be simpler, or, even more important, cheaper, to purchase feed additives, or simply the meat?

It is gratifying to note that the USSR Supreme Soviet is exercising control over our import policies and intends to return to this theme. Although, admittedly, I left the meeting with a certain feeling of resentment. The agrarian committee had commenced a tremendous task. Its position calls forth profound sympathy, similar to the proposals to pay our Soviet kolkhozes the same amounts being paid to foreign farmers, to accelerate the adoption of the all-union "Grain" Program and to submit specific recommendations to the Supreme Soviet for improving our import policies. All of this, I repeat, is correct and deserving of support. However, as revealed following the discussion, our own pain over the disastrous state of our native agriculture, which manifested itself with such force during the discussion, replaced the accent on it. Such an important problem as the long-term grain agreements which we have with the U.S.A., Canada and some other countries was overlooked during the discussion. With the signing of these agreements, we in essence undertake the obligation of purchasing in any instance, regardless of any circumstances and our own harvests, a fixed quantity of grain, plus, if necessary, a certain amount over and above a minimum figure and up to a definite ceiling established in the agreement.

According to the lowest estimates, the minimum purchase at the present time from all of the producing countries is estimated to be a total of 20 million tons for all of the agreements. It is easy to calculate the obligations we have undertaken if we base our figuring upon

the fact that a ton of grain on the whole costs approximately 200 dollars. Typically, the MVES at the present time once again intends to sign a long-term (for five years) agreement of this type with the U.S.A. And here we can only agree with the evaluation of the actions of the MVES as provided by the director of the Institute for the U.S.A. and Canada, Academician G. Arbatov:

"We have plans for improving our agriculture, for stimulating the kolkhozes, for increasing the purchase prices for products and others. Thus what is the basis for our signing an agreement with the Americans for increasing our obligations in the area of annual grain purchases? Have we become reconciled to the fact that our economy will decline further in the future and that this decline will become more aggravated? We have doomed ourselves to purchasing a minimum of 10 million tons for five years. Who made such a decision?"

Subsequently, G. Arbatov, having pointed out these mass reckless grain purchases as being the "chief disaster," made a sensible proposal regarding the need for considering the effectiveness of imports according to the final result—meat production—and not according to the volumes of imported grain forage. Typically, the MVES representatives avoided answering the main questions and a tape recorder recorded their protest only in one place, where the figure of 10 million was questioned. However, the questions were left unanswered for the most part. The references to the government proved to be less than convincing, particularly when one recalls the recent indignant speech delivered over Central Television by N.I. Ryzhkov, in which he expressed surprise over our concern for the farmers of Iowa. Meanwhile, each dollar paid to a foreign seller represents Soviet raw material, petroleum and products, which are no longer returned to the kolkhoz, since once again they are sold abroad.

Certainly, it is unfortunate that this important subject was not included in the discussion. However, it is consoling to note that, judging from the mood of the members of the committee of the USSR Supreme Soviet, the discussion will be continued.

GOODS PRODUCTION, DISTRIBUTION

Uzbek Enterprises' Conversion Problems Described

904D0200A Moscow TRUD in Russian 5 Aug 90 p 2

[Article by Ye. Varshavskaya, special correspondent, Uzbek SSR: "Navoi: Rehearsal for the Market—Conversion of Defense Complex Enterprises Proceeds with Difficulty"]

[Text] The way from this small town deep in Uzbekistan has always been shorter to Moscow than to Bukhara, the oblast center, or to Tashkent. There is nothing strange about it: the main enterprises in Navoi, its electromechanical plant, the "Navoiazot" industrial association, the mining and metallurgical combine [NGMK], are under union-level management. As to the town itself, together with its buildings and structures, roads and parks, it has always been payrolled by an industrial giant, the NGMK. The enterprise—which is the reason Navoi was built in the first place—used to generously allocate funds for the town's development and the general program of construction. Nor was the Ministry of Medium-Sized Machinery tight-fisted, since it dug secret uranium and equally secret pure gold in the surrounding area.

This oasis, concealed though it was from the eyes of foreigners, would have continued to flourish in the Uzbek desert had new times not arrived. The weighty word "conversion" was uttered in Navoi.

When we hear that a tank plant switched to making separators and rocket makers started to produce pots, we nod knowledgeably: this is the result of conversion. But the essence of the phenomenon goes deeper than a mere exchange of six of one for half a dozen of another, or swords for plowshares. It entails studying the market and developing new production technologies. It entails converting production for new output which consumers would want to buy. It entails searching for new partners and raw materials and retraining staffs. It entails investing into future projects and tackling the problem of price setting.

In effect, when we started conversion a couple of years ago we began a process which will inevitably involve all of our enterprises, and relatively soon. When the country's economy shifts to the market, defense plants will not be the only ones facing such problems. This is why it is so interesting to see how conversion is getting on.

Events moved very fast. In December 1987 Gorbachev signed the famous arms-cutting agreements and starting in 1988 the "Navoiazot" association lost its state order for the catalyst. While the peace-loving progressive people of the world rejoiced, the Navoi plant was feverishly calculating how much the sudden turn towards peace would cost them. One third of profits was lost irretrievably. The catalyst, which took 10 years to develop (not to mention the enormous investment) suddenly was not needed. Losses were expressed in terms

that were fantastical on the scale of an enterprise. In 1989 they exceeded R53.7 million. And what to do with the personnel, i.e., the experts, who had developed and produced the unneeded product? And what about capacities, which now stood idle—what was to be done with them? These were painful and urgent questions.

The hopes that the center would come through were dashed. The enterprise was relieved of various payments to the state budget, such as for labor resources and capital investment, but this did not eliminate the losses. As to other forms of assistance, such as placing orders for other types of output or finding new customers for the catalyst, nothing was even mentioned. It became clear that they would have to find solutions on their own.

But where? Chemical products made by "Navoiazot" offered no profits. They were mainly raw materials for other types of production. But what if they themselves tried to process chemical inputs into finished goods?

Goods produced by the enterprise fortunately included one such product, nitron fibers. It was shipped to various textile enterprises where wool was added to it and artificial fur was made out of it.

"We decided to make nitron thread here," V. Krupin, "Navoiazot" director general, explained to me. "It would be a godsend for our miserable consumer market."

The price, at R2 per spool, was more than affordable, the colors were astounding and the appearance—if one didn't look too closely—was that of wool. What if they were to knit various garments from it, such as sweaters, children's clothes and hats, using Burda's fashions, and to sell them profitably. Or make upholstery fabric? Or plaids? An entire factory could be placed on the territory of the association, especially since it had an empty new building. These were grand plans.

"The state order for our fibers was 98 percent of the plan. Of course we got more by using wastes and exceeding capacities, but still the remainder was a drop in the bucket as far as major production was concerned," explained V. Krupin.

Besides, "Navoiazot" was naive enough to ask for textile and knitting equipment, which was the full and exclusive property of the State Committee for Light Industry. One did not have to be a seer to predict who would get that equipment, textile manufacturers or a chemistry plant. Why should the State Committee for Light Industry sell to outsiders?

The total extent of superior entities' involvement in conversion was to refuse to buy the catalyst. After that the ministry washed its hands of the business. Incidentally, the plant does not blame their superiors: they think that the task of restructuring the output and finding their niche in satisfying consumer demand is their own affair. It is not assistance we are talking about. The enterprise was changing on its own initiative while they, at the top,

kept diligently demanding various indicators, as they had done for decades: the same old documentation on profits plans for the next five-year period, future product lists and various other bureaucratic red tape. They kept remitting state orders and setting prices. They were in no danger of bankruptcy and therefore in no hurry to restructure their relations with the enterprise that was undergoing change.

The only thing we could say to cheer up "Navoiyazot" employees is an old cliché: it could be worse. An example of how bad it could get is next door. It is the Navoi electric chemical plant [EChZ]. Until very recently it was another successful enterprise with a bright future.

Conversion at defense industry plants did not concern that enterprise in any way since one of its main products was fertilizer and chemicals for agriculture. The lightning struck from the clear sky. In 1988, the state order for chemicals was cut by half, and in 1989, without any warning whatsoever, completely abolished.

It was as if the enterprise had been tripped while running full speed. Having just bought much imported equipment, it was barely starting to bring it to capacity and get back their investment. Now, it had to stop production.

When all seemed hopeless and lost, EChZ director G. Yan started conversion, a peaceful one, as he called it.

First, the EChZ sold the unneeded output abroad. Not all of it, but still it was a lucky break. After that the director took a radical step to start producing other output on the equipment he used to make the chemicals the State Committee for Agricultural Chemicals no longer wanted.

The market study showed that it would be profitable to produce additives to polyurethane to make it firmer and more durable. It is used to make fenders for motor vehicles and insulation for airplanes.

Other gaps were also found in the assortment offered by the chemical industry that the plant could fill. But this is the task for the future. For now, output growth rates are only 75 percent of last year's. The enterprise got no subsidies for converting production.

Yan and his team are making a desperate effort to keep afloat. But tomorrow, the State Committee for Agricultural Chemicals may well ask them sternly where those chemicals have gone. They are still in the plan, the authorities never told the plant to stop producing them and they may now ask for them.

"There is no way back," said G. Yan definitively. "We are not going to restructure production again."

One out of four Navoi residents works for the mining and metallurgical combine. This giant's property extends far beyond the city line, to places hundred of kilometers from Navoi, to mines in the republic's desert. The rumor has it that the enterprise is fabulously rich. Its influence in this area is boundless. The local USSR people's

deputy is none other than Nikolay Ivanovich Kucherskiy, the NGMK director. Then conversion struck. On the one hand, there were cuts in the defense industry and, on the other, cutbacks in the nuclear energy program. Uranium extraction is being cut. It is not happening at the same catastrophic rate as in the case of the chemical plant: the NGMK has two or three years to convert. But on the other hand, the losses the NGMK is suffering are no less impressive in absolute terms. The idea is the same: it is on its own when it searches for solutions and partners and tries to retrain its staff. What does the enterprise intend to do in the future?

"We plan to unveil many new lines," said N. Kucherskiy. "We will open a shop to make jewelry worth R200 million-to-R250 million a year. We plan to open a plant to process sheepskins: Uzbek desert regions lack slaughter houses and processing plants. Our production will go to the republic, to its plan and stores, and our taxes will contribute to its budget."

This strong and rich enterprise will easily survive the storm of conversion. The NGMK is even setting its sights on other struggling enterprises in Navoi. The rumor has it that it has signed an agreement with "Navoiyazot" to jointly produce goods from nitron. Maybe one day the combine will take over its neighbors who by then will be weakened by their struggle for survival. The combine is strong.

There can be no question that the defense industry giant is in a better shape compared to other enterprises in the city. It can afford to spend enormous sums to develop new lines and buy advanced technologies and equipment, even from abroad.

Circumstances conspired to make Navoi the testing ground for a large-scale experiment. It would be a sin not to profit from its experience.

Soon, when the state will stop financing or purchasing the output of many enterprises, even civilian enterprises will have to restructure their production. Will monopolies controlling our economy allow them to do so? It turns out that it is much easier to restructure within the confine of one's old industry, without invading others' territory.

Other troubling trends have been identified, such as the voluntary withdrawal of superior entities from the plants' struggle for survival. At the top, they found a very convenient role for themselves, that of tax collectors. What will happen when, starting next January, ministries will be made regulators of the economy? Once again, without owning anything, they will be asked to manage. This is because the state will delegate to them all of its property rights while remaining the actual owner of all property.

The experience of conversion gives much food for thought. Our future greatly depends on how well we will use these lessons.

Supply, Demand Discrepancies in Textiles Examined

904D0142A Moscow KOMMERCHESKIY VESTNIK
in Russian No 10 May 90 pp 50-52

[Article by A. Gulyayeva, VNIKS employee: "On the Dial of Market Conditions: The Mirror of Volume Figures"]

[Text] KOMMERCHESKIY VESTNIK (No. 8, 1990) published an article, "Caused by the Raw Materials Shortage," describing market conditions in textiles, clothing and footwear. What will happen this year? VNIKS [all-union institute for the study of demand conditions] employees furnished us with this information. We offer our readers their view of this year's market conditions in light industry, or, in other words, their forecast.

The 1990 economic plan calls for an 11-percent increase in light industry goods production over 1989. But given the existing planning system in the industry, which is based on volume times retail price, we should not expect considerable improvements in market conditions. Industrial enterprises will continue to fulfill goods production plans in ruble terms and fall short in terms of volume. The problem is that this is inherent in the plan: the rate of growth in rubles greatly surpasses that in volume. Consequently, despite measures by the government such as cutting back the list of goods produced in contract prices and surcharges on them and establishing price controls on certain mass-market goods, the general trend of retail price increases will not be overcome. As a result, according to VNIKS calculations, the annual turnover in textiles, clothing and footwear will rise by some R3 billion.

We fear that the planned goods production targets will not be met. There is a number of reasons for this, but the main one is that industrial enterprises are not fully supplied with raw materials and inputs. Results of wholesale fairs for 1990 show that the knitwear industry fell short by R4.6 billion worth of goods. Excess demand for fur amounted to R563 million. Sewing industry plants failed to buy over 400 million meters of textiles required by their industrial processing budgets. Deliveries of fur collars were reduced by one million compared to 1989. This will make it more difficult to produce winter clothing.

Many industrial enterprises cite greater dependence as they reduce output from last year. For instance, the production of some items of outerwear and lingerie knitwear will be cut by 95 million pairs. Hosiery production will be cut by 300 million pairs. In textiles alone, the planned output of industrial enterprises will fall 700 million meters short of the USSR Gosplan target. Cutbacks will also affect sewn garments, leather footwear and other types of goods.

What will be the result? The supply of cotton fabric will be in 1990 only 80.5 percent of the 1989 level, of silk

85.7 percent and of linen 84.5 percent. A small increase amounting to one or two percent will occur only in hosiery and leather and rubber footwear.

Meanwhile, demand for light industry products will rise considerably. For instance, thanks to measures by the government to raise minimum pensions, consumer funds for clothing and footwear will increase by R1.3 billion according to our calculations. This means that we will need additional supplies just to satisfy retirees. Moreover, such goods must be inexpensive.

We should look at markets for various goods separately, especially at ones where the situation is becoming threatening.

In the cotton textiles group, the situation in bed-linen cloth is worsening. In recent years, consumer demand has increased, since insufficient quantities of bed linens were being produced. In 1987, sales of bed linen cloth were 84.7 percent of the previous year's level; in 1988, 118.5 percent and in 1989, 121.7 percent. Meanwhile, reserves of this product fell sharply. From 26 percent to 52 percent of retail trade specialists polled indicated shortages of bedsheet cloth, calico, chiffon and coarse bed linen calico. If no timely measures are taken to increase the supply of these fabrics, problems in consumer trade will increase significantly. This is all the more important since problems with bed linen persist. Even though in 1990 production should rise by 45 percent, it will not be enough to improve the situation since increased demand reduced reserves considerably.

There is reason to believe that supplies in the printed fabric and satin group will decrease, since enterprises of the cotton fabric subsector have reduced their production volumes. Printed fabrics were cut by 50 million meters, combed satins by 31 million meters, carded satins by 39 million meters and flannel and fustian by 18 million meters. Naturally, this has been reflected in wholesale figures in the consumer trade sector. In 1990, they fell by 10.8 million meters from 1989 levels in the satin group, and by 16 million meters in the winter dresses subgroup.

Unsatisfied demand for all types of wool fabrics will increase. Due to the raw materials shortage, pure wool worsted and tropical fabrics and coarse cloth for men's and women's outerwear have become deficit goods. Among items of this group, only worsted wool shawls will be fully available.

The situation with blankets are also grave. Until 1989, they used to be freely available everywhere. Some 20-30 percent of the retail trade professionals polled noted that there was excess supply of wool and quilted cotton blankets. But last year demand increased considerably, and respondents began to note breakdowns in the blanket market.

Despite all this, the production of this good is falling. Purchases for retail sale remained in 1990 at last year's level of 11 million meters of wool and 17 million meters

of cotton blankets. These volumes are clearly insufficient for the current market conditions.

We should mention specially the resource situation in the knitwear industry. In recent years, retail sector supplies of men's and women's underwear and garments for newborn and nursery school children have declined considerably. The situation is unlikely to change this year, since the output of such garments is not going to increase.

In the past two years, the situation in the hosiery market has become more complicated. It worsened particularly in the second half of 1989. According to reports from retail trade, men's elastic socks and women's cotton and wool stockings began to disappear from stores.

To an extent, this reflected reduction in men's socks production in the Armenian SSR due to the destruction of the factory there in the earthquake. This is why the USSR State Committee for Light Industry should engage enterprises in other republics to keep the supply situation for these goods from worsening.

It is expected that the supply situation in women's tights will improve. Domestic enterprises alone are expected to produce 408 million pairs this year, or 1.5 times more than in 1989. But even if the industry carries out its obligations in full, imports will still be needed. Currently, demand for women's tights amounts to about 650-700 million pairs.

As to the situation in the children's tights market, it is unlikely to be favorable. This year's production is below the 1989 level, or 98 percent of it. The situation is especially catastrophic in tights sizes 12, 14 and 16. They are not available in stores.

An analysis of the situation has shown that under new economic conditions plants find it unprofitable to make small size tights since they sell for 1.5-to-2 times less than sizes 20-to-24. Naturally, this reflects negatively on their profits.

When they set their production plans, enterprises look not at the age makeup of the children in the region but at their own narrow interests. For instance, in 1990, such large enterprises as the Brest hosiery combine do not plan to produce any tights sizes 12-to-16 at all, while Riga's "Avrora" and the Tbilisi and Klaypeda hosiery plants will devote only 26-30 percent of their output to these sizes. The situation is similar at other enterprises. No republic exports small-size tights, but none meets its own demand for them either.

According to our calculations, to normalize the situation in consumer trade, we must review the system of children's tights production. The plan calls for 273 million pairs to be produced, of which at least 173 million must be small-size garments. We should remember that between the ages of one and seven years both boys and

girls wear tights. To meet demand in full, overall production must rise to 400 million pairs, of which 250 million pairs should be sizes 12-to-16.

A few words about conditions at the leather footwear market. They will not change for the better. Resources in the main types of footwear, namely box-calf footwear, remain insufficient. Only 61 percent of retail trade orders have been filled by industry, just 54 percent for fashionable shoes. Consequently, given the high purchasing power of consumers, breakdowns in the box-calf shoe market will increase.

What suggestions can be made to overcome deficits in light industry goods?

The one and only way to normalize the situation is to increase resources. But given that the material and technical base of the industry, undermined for many years, will not allow it to produce sufficient quantities of goods in 1990 to meet consumer demand, it seems that we should import more. Moreover, the structure of imports should be reviewed. For instance, in the total volume of imported women's tights, the share of wool and wool blend garments should be increased. The raw materials allocated to produce them domestically, on the other hand, should be shifted to make children's tights and socks. When importing knitwear garments, the share of women's synthetic and cotton underwear should be increased, and domestic resources shifted to produce kids' underwear.

Since for many years—at least 15—the country's light industry has not been able to supply sufficient quantities of napped fabrics, bedsheets and towels, they should be purchased abroad; according to our calculations, 135 million meters will be needed.

Other measures are needed, too. We think that business results of enterprises and associations should be judged based on how well they fulfill business contracts for various goods categories expressed in terms of volume. Even for the purpose of calculations, superior entities should not give enterprises overall ruble targets based on retail prices, since they hang over them and force them to produce more of the costly items while cutting out inexpensive mass-market products.

Superior entities should not approve enterprises' profits plans. They should be computed by enterprises themselves based on their approved production assortment. If the approved assortment is violated, the entire sum of illegally earned profits should be subject to confiscation to the state budget.

One of the most important measures is to increase the efficiency of the existing light industry potential. It is enough to say that capacity utilization, if brought up to norm, will help increase production in the industry overall by R10 billion a year. Capacities are still not used fully: in the sewing industry only 85 percent of capacity is used, in knitwear 90 percent and in footwear 92 percent.

Much is being said about technical retooling in light industry. But implementation is proceeding very slowly. We see clear attempts by the industry to achieve good business results, such as profits and increased business incentive funds, by easy means—higher prices for their output—and not by fundamental and legitimate means used in developing any industry—a modernized material and technical base, lower costs, etc.

To put an end to monopolism in goods production is another goal. This is why we must create normal conditions

so that cooperative enterprises producing clothing and footwear could develop. One such measure can be to liquidate loss-making or unprofitable state enterprises in the industry, giving them to cooperatives or to their collectives on a lease basis.

In our view, it will be especially promising to create small enterprises in the light industry network in rayons, cities and oblasts. This will help solve many problems at once: increase employment, raise incomes, supply goods for the market and increase budget revenues.

FUELS

Non-Chernozem Gasification Program Outlined

904E0095A Moscow STROITELSTVO

TRUBOPROVODOV in Russian No 4 Apr 90 pp 14-16

[Interview with A.M. Krayzelman, director of the USSR Ministry of Construction of Petroleum and Gas Industry Enterprises' gas and oil construction development and state orders administration, by L.P. Klyuchnikova: "Gas for Non-Chernozem"]

[Text] An important state program for improving the living conditions of the population of the RSFSR Non-Chernozem region is the gasification program for the region. The journal asked Aleksandr Moiseyevich Krayzelman, director of the USSR Ministry of Construction of Petroleum and Gas Industry Enterprises' gas and oil construction development and state orders administration, to talk about the participation of the ministry's collectives in implementing that program, which was given the name of "Gas for Non-Chernozem."

[Question] Aleksandr Moiseyevich, first describe the main points of the "Gas for Non-Chernozem" program and its economic and social significance.

[Krayzelman] In recent years, considerable financial and material resources have been devoted to economic and social development of the Non-Chernozem region. But no comprehensive solution has been worked out. One of the reasons for this was the fact that the importance of so progressive a source of energy as gas, both natural and liquefied, in agricultural production and in improving the living conditions of rural workers was insufficiently appreciated.

Natural gas consumption in the countryside is only five percent of its total use in the RSFSR Non-Chernozem region, and 5-6 times lower than in the cities. This causes considerable difficulties in solving social problems, forming stable labor collectives and encouraging young people to stay in rural regions, and leads to economic losses.

The gasification program for rural regions of the RSFSR Non-Chernozem region was passed by the USSR government in September 1988. Changing the Non-Chernozem countryside and raising the living standard of the population of that region was viewed as a task of great political and state importance. The program aims to fully satisfy the gas demand of the population, municipal and residential users, kolkhozes and sovkhozes and to complete gasification of the main processing plants, animal farms and hothouses of the Non-Chernozem agricultural complex in the 13th five-year plan period. To achieve these goals we must lay, in addition to the high-pressure gas pipelines, 50,000 kilometers of utility lines.

The "Gas for Non-Chernozem" program defines the main tasks in our work. In particular, it calls primarily

for enlarging and automating gas-burning heating systems. This will release and shift to agricultural production at least 100,000-110,000 workers by the year 2000. The use of liquefied petroleum gas for gasification of the countryside must be increased. By the year 2000, 40 percent of motor transport should be switched to liquefied natural gas to save oil-based motor fuels. Plastic pipes should be used more in the construction of the gas pipeline network.

By 1992, their production should rise to 5,000 tons per year.

Currently, every oblast of the RSFSR Non-Chernozem region is completing the drafts of the comprehensive plans for constructing high-pressure gas pipelines and gas utility lines for 1991-95. Construction units from our industry are taking part in this process.

[Question] What tasks related to the implementation of the "Gas for Non-Chernozem" program have been assigned to your ministry?

[Krayzelman] The USSR Ministry of Construction of Petroleum and Gas Industry Enterprises will be the main contractor for high-pressure pipelines in 1991-2000 in rural areas of the RSFSR Non-Chernozem region using pipes at least 325 millimeters in diameter, and will have to complete, by 1995, 192 kilometers of low-pressure utility lines in Vologda Oblast. At the same time, our entities will continue to perform a considerable volume of work in other RSFSR oblasts, as well as in Belorussia, the Ukraine and other republics.

[Question] Since the "Gas for Non-Chernozem" program uses collectives from several ministries and agencies, you obviously need a comprehensive plan for carrying out this program. Do you have such a plan and how is it being coordinated?

[Krayzelman] Every year, we draft special programs jointly with the all-union "Rosstroygazifikatsiya" association. They match timetables for equipment deliveries for building gas pipelines and gas utility lines and make sure that rural consumers are ready to start using gas, i.e., coordinate deadlines for completing village gas lines and supplying collective farmers' dwellings with gas-burning equipment, such as ovens and water heaters. Unfortunately, completed sections sometimes cannot start operation because consumers are not ready or deliveries of equipment have been delayed. Due to these factors alone, the startup date for 300 kilometers of gas pipelines and gas utility lines laid in 1989 in the RSFSR—of which 70 kilometers were in the Non-Chernozem region—had to be remanded to 1990. These lines included sections to towns Okulovka, Novgorod Oblast; Volkhov, Leningrad Oblast, and others.

[Question] Tell us please how industry organizations were preparing to build in the Non-Chernozem region. To carry out the new assignment your units had to switch to pipes of smaller diameter, which presented some

difficulties. Clearly, the program needed scientific support services, among other things. What has been done in this area?

[Krayzelman] Problems related to building pipelines of smaller diameter were discussed by the ministry board in 1989. It approved a work program for gasification of Non-Chernozem agricultural areas and population centers. The program called for research and testing, as well as design tasks to build equipment and develop technologies for pipelines of smaller diameter for gasification of rural areas, to be carried out in 1990-91. It called for introducing broadly progressive forms of organization of production, labor and management; implementing a stage-by-stage transition to the use of plastic pipes; improving the technology of joining them and equipping units with the necessary welding tools.

[Question] Please, tell us a little more about the plan to organize welding and insulating works at the Non-Chernozem sites.

[Krayzelman] The general aim of the ministry in this area is to create regional semi-stationary bases for welding pipes and waterproofing them with bitumen. This shift to construction which relies on bases will require retooling construction and assembly units, supplying them with special tools and mechanical equipment to clean and seal seams and protect the waterproof layer. Vehicles for transporting wire mesh will have to be revamped, too. All this will allow us to reduce the amount of work that must be performed at construction sites, and therefore raise the level of industrialization of construction. The experience of using such bases in Moscow, Leningrad and Ryazan oblasts, as well as in the Tatar ASSR, proved their usefulness. In addition, the VNIIST [All-Union Science and Research Institute of Construction Technology], the "Gazstroy Mashina" design firm and "VNIIPKspetsstroykonstruktsiya" designed transport-and-assemble bases for cleaning and insulating pipes 57-to-530 millimeters in diameter. In 1988, the VNIIST experimental station tested the transportable line LIT-1. Its capacity is up to 400 kilometers of insulated oil pipe per annum. As to the problem with sealing pipelines, which arose due to the acute shortage of polymer tape and the decision not to import it from abroad, we plan to fully shift to isolating pipelines with bitumen paste.

[Question] Tell us please how environmental concerns are addressed in the design of new technologies and equipment.

[Krayzelman] Our designers should be primarily concerned with developing lightweight equipment to reduce pressure on the ground in areas where gas pipelines are built. This requirement is met, for instance, by "Gazstroy Mashina's" non-recoiling milling excavator EF-151 which cuts a trench 400 millimeters wide. The capacity of this excavator is one kilometer per hour. The MEMZ [Moscow Excavating Machinery Plant] produced a prototype of that excavator which was tested in

the medium latitudes, as well as a pneumatic pipe-laying machine and a number of others.

The industry's designers should think about industrializing cathodic insulation of pipelines and building homes for machine operators at pipeline construction sites using factory-built units.

[Question] What have the industry's machine building plants done to help you shift to pipes of smaller diameter?

[Krayzelman] Currently, the industry's plants are making special equipment for laying small-diameter pipelines. For instance, the Lvov Mechanical Plant makes a line for bitumen sealing of pipes 76-to-500 millimeters in diameter and wheeled pipe-laying equipment with a capacity of 3.2 tons. The Kropotkinskiy electric welding equipment plant produces sealing and cleaning machines IM-151 and OM-151 for pipes of 89-to-159 millimeters in diameter. In addition, the Kakhovka electric welding equipment plant supplies the USSR Ministry of Construction of Petroleum and Gas Industry Enterprises with high-productivity combines for contact welding of pipes of 119-to-325 millimeters in diameter, both stationary, for rotary welding (PTP-321) and mobile ones, for welding sections of pipe at the site (TKUP-321). There are several new projects, too, and our plants produced prototypes some of which were already successfully tested. These include the LIT-1 line and the milling excavator EF-151, which I mentioned earlier, and the cable-laying rotary excavator FKU, which cuts trenches 270 millimeters wide. This excavator will be used to lay gas lines between towns.

Semi-automated equipment for sealing seams on small-diameter pipes has been tested.

[Question] What has already been done for gasification of Non-Chernozem rayons and what is yet to be accomplished?

[Krayzelman] In the four years of the current five-year plan, we built 1,200 kilometers of pipelines and utility lines. Overall, in the 12th five-year plan, we plan to complete over 2,000 kilometers.

In the 13th five-year plan, the volume of work on gasification projects will increase almost fivefold. In the Non-Chernozem region, we plan to complete over 7,000 kilometers of high-pressure gas pipelines. Much work in gasification will have to be done in Kalinin and Leningrad oblasts (over 500 kilometers in each), as well as in Pskov and Kirov oblasts (over 400 kilometers). In Vologda, Gorkiy, Arkhangelsk, Sverdlovsk, Yaroslavl and Kostroma oblasts, we will have to build over 300 kilometers of high-pressure gas pipelines.

In addition, our ministry passed a number of joint decisions with local oblast ispolkoms on gasification of the Non-Chernozem region. For instance, in 1991-95 we will have to build over 6,500 kilometers of utility lines there, including 1,700 kilometers in Moscow Oblast,

3,600 kilometers in Gorkiy Oblast, 600 kilometers in Kalinin Oblast and over 800 kilometers in Leningrad Oblast. Overall, the joint decisions with Non-Chernozem oblast ispolkoms, as well as with ispolkoms of other oblasts outside that region, call for some 43,000 kilometers of gas pipelines and gas delivery lines to be built in the 13th five-year plan period, of which 34,000 kilometers will be in Russia.

[Question] Aleksandr Moiseyevich, do you think it will be possible to successfully complete the planned work load?

[Krayzelman] Quite possible. We have everything necessary for it: scientific research, new technology and experienced employees.

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Official Questions Well Development Procedures

904E0105A SOVETSKAYA ROSSIYA in Russian

13 May 90 Second Edition p 2

[Article by by N. Borisjuk, chief of a department of the Orenburg Oblast Ispolkom: "A Temporary Advantage: Where the Departmental Approach Is Leading in the Development of Natural Resources"]

[Text] Orenburg gas is known far beyond the borders not only of our oblast, but our country. At the same time, it is as if the oil workers remain in the background. But after all, every year they are extracting over 8.5 million tons of oil. And this is a stable indicator.

The opening of the Zaykinskaya group of oil and gas condensate deposits in the southwestern part of the oblast by geologists of the "Orenburggeologiya" Association offers new promise in increasing the volume extracted. But the discussion today is not about successes and optimistic figures. It concerns the departmental approach to the development of the oblast's natural resources and its terrible consequences.

The geologists were still drilling exploratory wells and the reserves of the Zaykinskoye deposits were not estimated yet, but a plan for test operation had already made its appearance. The first construction workers arrived at the virgin lands of Pervomayskiy Rayon. The deputy minister visited here. The reasons for such close attention and haste are obvious. At that time, in 1985, the Ministry of the Petroleum Industry was overloading the plan for oil extraction. But the Zaykinskoye deposits, located in the European part of the country close to the main oil pipelines, and with high-output wells in addition, promised a substantial increase.

At that same time the "Yuzhorenburgneft" NGDU [Oil and Gas Extraction Administration] was formed, two years later the first oilfield in the Zaykinskoye deposits was put into operation, and in another two years an

oilfield was commissioned in the nearby Rostashinskoye deposits. The country obtained 1.3 million tons of oil from here in 1989.

It would seem that the objective had been reached and we can only be pleased. But let us look truth in the eye. Yes, this plan, typical for developing most of the deposits in Western Siberia and the Caspian region, provides for a rapid increase in extraction and momentary success. Outwardly it does not conceal anything bad. Especially as the country has a critical need for oil—and not tomorrow, but today, when the grip of the energy crisis is getting stronger and stronger. But this plan is fundamentally unsound. It was based on a destructive attitude toward mineral resources, and it leads in the final analysis to economic losses and inflicts irreparable damage on natural resources.

Is there an alternative to such development? In the course of estimating the reserves of the Zaykinskoye deposits, gas technology was proposed as one of the alternatives for development.

In our country we have practically no experience in the development of "volatile oils," but these are precisely what they are in the Zaykinskoye deposits. Orenburg scientists and specialists have suggested that an industrial experiment be conducted to assess different technologies in recovering this oil. There are two conditions for this here: the comparatively small dimensions of the deposits, a significant gas factor, and the absence of hydrogen sulfide. But the suggestion was not adopted. Higher authorities referred to the country's lack of the compressors needed. Now the oil workers are trying to inject water, which is worth its weight in gold in this region, in order to increase the flow of oil, instead of gas. I do not wish to blame or offend the association's specialists in any way. It is not their fault that the best solution was not adopted, but it is the problem.

The colonial approach is having an effect on the social area. Development of the deposits has upset the life of what was a quiet agrarian region until recently. Over 82 million rubles in capital investments have been spent on industrial construction in five years. At the same time, only about 15 million rubles have been spent on social problems. A duty settlement for 360 persons, where mainly construction and oilfield workers live, has been erected right on the deposits. The employees of the NGDU organization have also adopted the shift method; they come to work every day from the city of Buzuluk, 110 kilometers away.

Another problem is the ecological one. The plan for development was formed without confirmed reserves, and hence everything was done on a reduced scale. The pipelines were laid for minimal extraction, calculating on test operation. A typical feature of such deposits is the presence of a large amount of casing-head gas. How do all Soviet oil workers proceed in such cases? Correct, they let the gas flare off. According to data from the oblast Committee for Environmental Protection, more

than 400 million cubic meters of this priceless raw material was burned in 1989 by the "Yuzhorenburgneft" oilfield workers.

These are only some of the consequences. In many respects, this is the result of various departments playing the master on the same proving ground. One needs gas at any price, and another one needs oil. The oil workers' interests are alien to the gas workers, and vice versa. Not long ago the USSR Council of Ministers made the decision to unify the ministries of the gas and oil industry. Actually, the Ministry of the Petroleum Industry only changed its mask, and the Ministry of the Gas Industry began to be called a concern. But the old system has remained.

In my view, the ministry should have the functions of working out the strategic tasks for development of the sectors jointly with the regions, siting new enterprises and developing those in operation, management of scientific and technical progress, and participation in the solution of intersectorial problems. The sector's headquarters should not dispose of any deductions from the results of enterprises' economic activity. It is maintained at the cost of the state budget, to which all enterprises make their contribution in conformity with the state norms, as well as through the administrative services provided to enterprises in accordance with contracts.

Gas Concern Chairman Reviews Performance, Outlines Goals

904E0097A Moscow GAZOVAYA

PROMYSHLENNOST in Russian No 4, Apr 90 pp 2-5

["Text" of the report presented to the board of directors of the "Gazprom" gas concern by its chairman, V.S. Chernomyrdin: "Gas Concern: Practice and Problems of Economic Accountability"]

[Text] The report of the "Gazprom" GSK Chairman of the Board V.S. Chernomyrdin, presented to the board on 12 March 1990, on industry results during 1989 and on the tasks of fulfilling this year's plan.

The projected transformations in the political system of our society are directed at carrying out the economic reform and providing a way for the country to quickly extricate itself from the complex economic situation. An improvement of the financial and monetary system, the strengthening of the purchasing power of the ruble, an acceleration in resolving the problems of price formation, an increase in payments for the use of credit are steps which have been stipulated with the goal of realizing a series of measures for the recuperation of the national economy. The main way of eliminating the chronic illnesses of our economy is seen first of all in the implementation of economic accountability relations within the framework of the economic reform.

The complex situation in the national economy has been reflected in the results of the activities of enterprises and associations of the gas industry. Despite difficulties in

1989 the plan for oil output for the concern as a whole was overfulfilled by 1.5 billion cubic meters. In general, a stable supply of gas was provided for the national economy. Preserving the unified system of gas supply and maintaining indissoluble technical links among enterprises helped to achieve this.

The industry successfully coped with the plans on consumer goods production and the provision of paid services to the population. Profits exceeded the plan by 324 million rubles.

However, the gas industry in 1989 functioned considerably worse than during the first three years of the five year plan. The average yearly increase in gas output fell to 26 billion cubic meters in comparison with the 40-45 billion cubic meters which had been achieved.

The national economy did not receive more than four million tons of condensate, almost 1.4 million tons of sulfur, tens of thousands of tons of unstable gaseous benzene, gasoline and diesel fuel which had been expected. Production of manufactured goods was 224 million rubles short. The rate of increase of manufactured goods production fell to 2.8 percent compared to the 5.5 percent called for by the plan. Plans for capital investment and construction-assembly work were not fulfilled despite the fact that their levels were significantly lower than the 1988 plan. The utilization of basic funds comprised only 87.7 percent of the plan.

There continues to be a lagging behind in the exploitation of production capacities at the most important sites—the Astrakhan, Orenburg gas and chemical enterprise group, the Urengoy, Yamburg, and Sovetabod deposits and at gas transportation systems.

Measures to improve the work of the Astrakhan complex and to normalize the ecological situation of the region which were planned in recent years have essentially been discontinued. Here the economy has worsened drastically. Expenditures on one ruble of commodity output comprised more than two rubles. Losses totalled 104 million rubles.

In the 1989 the work of the Orenburg gas complex was noticeably worse. Many important facilities of the second and fourth factory lines were not put into operation. At the Karachaganakskiy deposits only 58 million rubles from the basic funds were utilized, while the plan called for 211 million rubles. The association brought in 24 million rubles of profit less than what was expected.

At the Yamburg deposits, deadlines for the introduction of equipment for the preparation of Valanzhinsk gas and the Yamburg-Urengoy condensate pipeline were broken and they were 60 million rubles of profit behind the plan. The installation of oil edging at the Urengoy deposits is far behind schedule.

The pace in the development of gas transportation systems has also slackened. In recent years, 20 compressor stations were not put into operation and in 1989

the plan on linear construction of the gas pipeline also was not fulfilled. Plans for the exploitation of sites at the Peschano-Umet'skiy, Elshanskiy, Stepnovskiy and Severo-Stavropolskiy underground gas depositories have not been completed and the hook-up of operational wells is behind schedule.

Delays in introducing gas transportation capacities into operation cause difficulties in supplying gas to the consumers of Transcaucasia, the south of Kazakhstan and the Kirgiz SSR, the Leningrad industrial hub and the Kuzbass. The situation in Transcaucasia is also complicated by a delay in putting into operation the North Caucasus - Transcaucasia gas pipeline.

Capital repairs on the pipeline have also been carried out unsatisfactorily. Only 53 percent of this program has been completed. The situation is especially bad in the "Yugtransgaz" association where only 189 km of pipeline have been repaired and put into operation of the 460 km which were planned and in the "Tomsktransgaz" association where only 2 km of the Parabel - Kuzbass pipeline were repaired and put into operation of the 260 km in need of repair.

A worsening in the quality of work of the associations and enterprises and delays in capital construction programs have seriously complicated the financial position of the concern. On 1 January 1990 the total overdue debt to suppliers, contractors as well as bank loans comprised 517 million rubles, which was an increase of 3.5 times in comparison with the same date last year. For late payments the industry enterprises paid more than 13 million rubles in fines.

An especially difficult situation has developed in the financing of capital construction where nonpayments totaled 424 million rubles. For the year 1989 the associations and enterprises were not able to pay the 177 million rubles in profits and amortization which they owed to the concern's centralized fund.

The situation with unauthorized expenditures worsened significantly. Shortages and theft of monetary resources and property have increased. Their total sum according to data from inspections and checks at 167 enterprises was 1.9 million rubles. For compensation of the damage in 1989, 21 cases were referred to the investigative organs and 1,198 people were subjected to disciplinary action. Often cooperative and joint enterprises are created without sufficient justification or an evaluation of the economic consequences.

This year the financial situation in the industry has become even more complicated. At the beginning of February all types of debt exceeded 812 million rubles. At a number of enterprises of the concern, salary payments to contractors and equipment suppliers are being withheld because of a shortage of resources.

The year 1990 will be extremely important and crucial for us. After all, it is the final year of the current five year plan, the base year for the thirteenth five year plan and

essentially the first year of work for the industry in the conditions of a concern. This year gas output for the concern is projected to increase to 774 billion cubic meters (for the country to 845 billion cubic meters), the output of condensate with oil to 23.2 million tons. The volume of gas refining should increase to 80 billion cubic meters, the manufacture of consumer goods and paid services to the population will increase correspondingly by 1.3 and 1.2 times. A large-scale and complex program of capital construction lies in store for us.

Without a doubt the most important task for the collectives of all associations, enterprises, organizations, management and the labor apparatus of the concern is to guarantee the planned introduction into operation of new production capacities, first of all, at the most important sites. In doing so, special attention must be given to ensuring the stable and ecologically safe work at the Astrakhan complex.

For the acceleration of capital construction we must activate the search for new ways to improve construction methods and to supply their material-technical resources. If the concern is given the right to allocate quarterly funds for gas, additional opportunities could arise here. This issue is currently at the decision stage.

In connection with the exacerbation of the problem of improving the reliability of the unified gas supply system for the country, it is very important to ensure the repair of sections of the gas pipeline in Central Asia, Transcaucasia and the Tomsakay oblast, whose condition is extremely unsatisfactory, and to ensure the completion of measures elaborated after the accident at the Western Siberia - Ural - Povolzhye pipeline.

To increase the reliability of the GTN-25 and GTN-16 aggregates it is necessary to accelerate the resolution of questions of how the exchange funds for equipment junctions to these particular aggregates are formed and of their emergency repair. Machine-building associations and enterprises must radically change their attitude towards fulfilling the plans for the manufacture of products needed by the industry, especially of analogues to imported equipment.

Despite the measures that have been undertaken, the critical situation with social problems continues to worsen. Unfortunately, we have to state that last year the leaders of a number of associations and enterprises did not pay sufficient attention to this sphere. This refers to the "Astrakhangazprom," "Urengoygazprom," "Vologotransgaz," "Uraltransgaz," and "Soyuzgazavtotrans" associations. As a result, in 1989, 55 thousand fewer square meters of living space were completed than in 1988. Tasks on the completion of kindergartens, hospitals and clubs were not completed. Realization of the program on residential and cultural-welfare construction for the period to the year 2000 is being carried out behind schedule.

In 1990 in accordance with plans, the associations intend to build and put into operation at the expense of the

centralized capital investment and social development funds residential buildings with an overall living area of 6.1 thousand apartments, schools with room for 11.3 thousand students, hospitals with an additional 435 beds, clinics to account for 825 visits per shift and clubs and houses of culture to accommodate 1250 people.

However, the majority of the leaders of the associations and enterprises are projecting the utilization of almost half of the basic nonproduction funds for the fourth quarter. Work on the creation of residential cooperatives in labor collectives and the construction of individual homes is moving along at an inexcusably slow pace.

In order to correct the situation we need to put the construction of these facilities under daily supervision and undertake effective measures for their regular completion over the course of a year. It is time for the associations and enterprises to finally take realistic and practical steps for the creation of residential cooperatives, to define the procedure for the utilization of all types of resources for paying for cooperative housing.

In 1990 the task is to more than double the production of consumer goods in comparison to the five-year plan and to reach a level of 324 million rubles and to increase the volume of paid services by more than 50 percent. The sale of meat, milk and eggs by the auxiliary farms should increase by 9-12 percent, of fish by 52 percent, the production of grain by 53 percent. It is necessary to utilize all existing possibilities for the creation of industrial shops for the processing of agricultural production on location both through cooperative methods and with the agroprom organizations.

We must search more actively for possibilities to improve the food supply for the workers of our enterprises. With this goal in mind we must establish business contacts with collective and state farms and cooperatives and provide them assistance in the gasification of farms and villages and in the construction of various agricultural facilities as compensation for food products which they deliver.

Today, as we know, inattention to people, to their vital needs has become a source of social tension in many regions of the country. The causes are often the inopportune resolution on location of simple problems, an indifferent attitude towards the demands of the workers to introduce an elementary level of order in the work place and to improve their social-welfare conditions. We need to make it a rule that each complaint, each just demand be immediately reviewed and, if possible, satisfied. It is also important to work out an effective system of administrative and public monitoring of the action taken on these decisions so that none of them remains solely on paper.

First of all this concerns questions of providing workers with a normal diet and the adherence to regulations on the buying and selling of goods. Here as well a closer relationship is needed among the local soviet organs for the effective resolution of all questions which may arise.

It should be stressed that noncompliance with the discipline of the plan in the conditions of our industry is fraught with serious consequences. Today this can be seen in the situation in which a number of enterprises have two plans: one, approved by the concern's board of directors and another presented to the Goskomstat [State Committee for Statistics]. In March of this year several enterprises, in violation of existing laws and regulations, still did not have approved plans for 1990. We will not be able to work normally if we do not radically change our attitude towards this issue.

We need to complete the plan for the thirteenth five year plan this year. The draft concept of the development of the national economy, elaborated by USSR Gosplan [State Planning Committee], fixes the 1990 gas output level at 1050 billion cubic meters. According to calculations of the concern based on gas demand and the potential for supporting construction projects as well as the introduction into operation of new capacities, this output should be 1020 billion cubic meters for the country and 907 billion cubic meters for the concern.

The main characteristics of the upcoming five year plan include: a drastic reduction in capital investment limits, the beginning of a new stage in the development of Western Siberia in connection with the conversion to the exploitation of small deposits, the creation of a gas supply system in remote areas far from systems currently in operation, the construction of gas pipelines with a length of 1000 km and more. All of this requires a thorough analysis of opportunities to lower costs and to save energy resources, especially natural gas on the basis of calculations for a variety of options in the plan. It is also necessary to take into account the changes underway in the national economy in connection with the application of a system of taxation, a price increase and the development of republic and regional economic accountability and to reflect these changes in projections for the future five year plan.

Immediate attention should be given to the social development of collectives, but not in a general way, as it was done in the past. Enterprise workers should know when and how a pay raise is planned, what, when and for whom cultural-welfare sites are to be constructed, what additions to their diet they will obtain from the development of the auxiliary agricultural plots, etc.

All of this requires thorough work on substantiating the five year plan, a deep analysis of the tendencies in the development of the gas industry and related industries, a precise and effective mutual action of the labor apparatus of the concern and the associations, enterprises and organizations.

The tasks which the industry faces in 1990 are more complex and crucial than ever. They can be resolved only as a result of the hard work of all levels of the industry with the condition that each of us demonstrates his maximum potential and skill to work wisely and effectively, with the full measure of responsibility for the future of the country in her difficult period.

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Goskomtrud Draft Proposal for Market Transition Safety Net

Shcherbakov Introductory Comments

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[Article by V. Shcherbakov: "The Social Safety Net Under Market Conditions: USSR Goskomtrud Chairman Presents Draft"]

[Text] In September of this year the USSR Supreme Soviet shall take up discussion of the program for the transition to market relations. In addition, the deputies are going to have to familiarize themselves with the concept of a social safety net for the population during the transition to a regulated market economy.

We are publishing the draft proposal at the request of the USSR State Committee for Labor and Social Issues, which expresses its hope for a businesslike and vigorous discussion of its proposals.

At the present time the USSR government is involved in intensive work preparing a program for the transition to market relations, which is to be presented to the USSR Supreme Soviet in September of the current year.

The most important component of this program is its elaboration of a safety net of social measures for the population that are mutually coordinated with all other decisions. The corresponding draft has been prepared at the government's instruction.

In publishing USSR Goskomtrud's draft proposal for broad discussion today, we have in mind not only giving an idea of the nature of the program the government has prepared but also proposing concrete forms for resolving the most complex issues.

It is no exaggeration to say that one of the main issues of concern to the minds and hearts of people today is this transition to market relations. The positive effect of this transition on the economy's administration and improvement has been illuminated quite well in the press, radio, and television. But what does it give the population? Why does each of us need it? How are we going to live under market conditions? These are far from idle questions.

First of all, what will the transition to a market provide the individual? I think the main thing it will provide is a regeneration of human dignity, faith in one's own powers and in social justice, in one's own ability to achieve a better life. Not wait for it but achieve it.

Only the market can provide the opportunity to return workers' money its basic function—as a common equivalency for freely acquiring any good anywhere in the country. The market will create equal opportunities for everyone both to earn money and to acquire goods with

the money earned. However, equality here is not a synonym for leveling, for which the demagogues of perestroika fight so hard.

It is leveling in conjunction with the current practice of distributing society's consumer funds that deprives the individual of freedom of choice. Where to live, how to get an apartment, how to procure medical treatment and from whom, where to educate one's children and in what, and a great deal more is not determined by the individual himself. The government decides for him, or rather, the administrative system does, measuring out doses of governmental philanthropy. The individual does not earn; he receives according to what are not always clear criteria goods from the government, but this can engender only one thing—a loss of initiative, a loss of interest in improving one's qualifications, dependent attitudes, a search for circuitous routes that can open up access to scarce goods and services.

I am certain that the transition to a market economy is in the interests of all workers. It is disadvantageous only to those who are using the special distributors today. It is this group that is frightening people with the market, exploiting their understandable sense of fear and uncertainty in the face of the unknown.

Under conditions of competition, collectives will be actively ridding themselves of negligent workers and increasing the pay of the conscientious and qualified. In the process, the source of growth in pay in the nonproductive sphere will become not depersonalized assignments to an institution's budget but funds independently earned by the labor collectives, which they will be able to allocate at their own discretion.

The radical path for resolving the sociocultural sphere's complex of problems is the development—paralleling rather than replacing the existing system of free education, health care—of paid forms of such services for the able-bodied population.

This is a matter first of all of creating a full-blown housing market, developing a network of fee-based clinics and lyceums to supplement the current system. The work of the eye microsurgery clinic under the directorship of S. Fedorov is convincing evidence that this is not a utopia.

Analysis of the social processes that have been going on in our country over the last two or three years demonstrates that a situation has taken shape in which the rise in the cost of living is outstripping the rise in income for a significant portion of the population. This means that in the transition to market relations a social safety net must be created for people to guarantee them normal living conditions.

The concept of a social safety net must be based on new principles. It must be a matter not of one-time philanthropic measures or of any kind of social "emergency

assistance," but of a complex of systematically linked and legislatively enforced economic, legal, and social guarantees.

What basic guarantees must the state present to the individual? First and foremost, probably, is the right to work. The extensive nature of the economy has given us significantly more demand for manpower than is actually needed. However, the new economic conditions will require not only employment but effective employment. Consequently a labor market will arise regulated by the balancing of manpower supply and demand. This requires an elaboration of new approaches to defining the concept of the "right to work."

It is not a matter of legislating unemployment. The instance in which someone is temporarily without permanent employment is considered extraordinary, and the efforts of the state organs are directed above all at preventing unemployment, at securing the individual a job in the shortest time possible.

The individual must be confident that with respect to the labor situation the government is not throwing him on the whim of fate. But increased demands are also being placed on the worker: he cannot wait passively for someone to offer him a job but must make an effort to retrain, to improve his qualifications, to master a new specialty. Herein lies the essence of the approaches set forth in the proposal.

In short, it is a matter of regrouping forces. Now, for example, it is essential that we transfer some people from the productive sector to the service sector. It will also be necessary to fill jobs on the second and third shifts. As before, there will be a demand for specialists to open up the northern and eastern regions. In those instances when the state cannot for one reason or another offer people jobs, it must pay them a subsidy for temporary unemployment.

There is yet another aspect to the labor market problem. No sooner does one start talking about a labor market than warnings are heard to the effect that the work force is inevitably becoming a commodity, which contradicts Marxism. Inasmuch as this is not the place to conduct theoretical debates, I will pose the question on the practical plane: in what real way does this threaten the working man? If the work force is becoming a commodity, then there will be a corresponding relationship to it. Only in the market the worker will acquire real freedom of choice and will be able to demand full compensation for the value of his manpower. This means that salaries will rise along with prices for industrial and food goods. By artificially restraining the rise in pay, we have brought about a situation where today in the USSR its share in the price of productive production is two times lower than in the developed countries.

As long as manpower is so cheap here, all social programs are going to be ineffectual. The artificially low cost of manpower does not make it worthwhile for enterprises

to improve working conditions, to introduce new equipment, to improve the environment, to implement effective programs for the development of health care and education, to resolve the housing problem. The most primitive loading set-up costs 25,000-30,000 rubles, whereas the worker, at an average monthly salary of 250 rubles plus all his social benefit deductions, costs all of 5,000.

Returning labor its real value will inevitably affect the entire system of labor relations. Having invested money in the work force, its consumer will be interested, on the one hand, in its quality, that is, in creating conditions for the improvement of workers' health, their professional training, their living arrangements, and so on, and on the other hand, having invested money in a commodity, any boss will try to use it effectively. Applied to the work force, this means that economic profit and not administrative necessity will force us to improve working conditions, to work out the technological process, to minimize the loss of work time due to organizational reasons. Unquestionably, there will be an increased demand for training for the work force. The sole stimulus for increased well-being will be high-level professionalism.

The regulation of labor relations will require the creation of a fundamentally new mechanism built on a fundamental change in the role, structure, and functions of the trade unions, as well as the system for concluding collective contracts. At its base must lie a system of legislatively strengthened social guarantees representing the minimum obligations of the property owner and giving him the right to utilize the worker's labor.

A question arises as to how today in our concrete situation to arrive at a real understanding of the value of manpower. Naturally, this problem should not be resolved at the expense of issuing a mass of unpledged currency. Today the crisis in the consumer market is so profound that the 30 per cent annual supplement planned in consumer goods production will not solve the accumulated problems. In order to escape this vicious circle, a decisive step must be taken: a one-time operation carried out throughout the entire Union involving a simultaneous increase in prices and income for the population.

An unconditional requirement in this is the return to the population of the entire sum of means acquired from the one-time reexamination of prices, excluding sums acquired from the increase in prices for luxury items and certain delicacies. Naturally, the list of these goods must be openly discussed. I am convinced that this measure will affect a narrow circle of consumers and will not provoke mass discontent.

The most important preliminary conditions for the successful conduct of this work is the equalizing of the population's income base. What is the point here? As we know, last year the introduction of new conditions for payment for labor in the productive branches was practically completed, but in the nonproductive branches—

health care, education, cultural institutions, and others—this undertaking has been dragged out in the plans to 1994. The situation requires that this work be speeded up in order to bring it to the point of introducing new prices and a system of compensations, i.e., by 1 January 1991. Otherwise, workers in these branches will suffer double losses: first, inasmuch as the level of their salary for recent years has declined even more with respect to workers in the productive branches. Moreover, they will lose under the payment of compensations, the amount of which will be determined as percentages of base salary. In other words, each percentage of compensation would in this case be filled in differently: for workers in productive branches it would be a few rubles "heavier" than for workers in the nonproductive sphere. Naturally, correcting these distortions in the time remaining will require significant budgetary expenditures, but there is no other way. Recently the government of the USSR passed a resolution on this question.

In connection with the necessity of equalizing the income base, the problem of entry into the market economy by low-income population groups is especially acute. The current system of social assistance to old people, invalids, and children has been outdated for some time. Testimony to this is the fact that of the approximately 40 million people living below the poverty line (currently 75 rubles a month), approximately half are members of families with many children (three or more), and about 20 per cent (8-9 million people) are pensioners, the majority of whom live alone. The remaining 30 per cent of low-income people are mostly incomplete or young families with one to two children, that is, even here the lack of means is connected with providing for the non-able-bodied.

The state is obligated to guarantee the elderly, invalids, and children a dignified existence. Yes, they do receive pensions and subsidies. However, the amounts of the payments must be determined on the basis of social norms for the standard of living, above all on a minimal consumption budget. It is a matter of establishing a unitary system of subsidies for which a minimum salary level will serve as a basis for calculation. Subsidy amounts will be determined with respect to that level as well. This principle is part of the new USSR law "On pension security for citizens in the USSR." A reexamination of the minimum salary level and its indexation will automatically entail a reexamination of the amounts of subsidies.

An especially intolerable situation has developed with respect to assistance to families with many children. Here until now, poverty-level subsidies, established in 1944, have been in effect (from 4 rubles for a fourth child up to 15 rubles for an eleventh). Under today's conditions, subsidies like that are a joke. The government passed a resolution effective 1 December 1990 to pay out to families a subsidy amounting to 50 per cent of the minimum salary level for each child, regardless of whether it is the first or the eleventh, during the preschool period.

The concept also proposes a complex of social measures involving other trends as well. So that the system of subsidies, payments, and benefits will cover the individual's entire life cycle—from birth to the loss of able-bodiedness in old age.

The most important task of the social safety net is to adapt to the slightest losses to living standards due to inflation. The concept envisages that all the population's incomes must increase proportionately so as to maintain their purchasing power. This necessitates a precise restriction on the market's sphere of activity: for economically active groups of the population market stimuli must be activated in full, but for the non-able-bodied population the effect of market factors must be reduced to a minimum. Applied to the system of income indexation, this means that those who cannot through their own labor maintain their standard of living under market conditions must receive full compensation for losses due to the rise in prices. This means families with many children, pensioners, students, invalids, and so forth. The able-bodied population must compensate for some of inflation by an increase in their own labor contribution. Therefore the state is establishing for them only the minimum increase in salary level.

One more practical problem remains, but on its correct resolution rests the success of the proposed measures: how are we to measure the rise in prices and determine how much to raise incomes? In order for the social safety net to react flexibly to price change, the following mechanism is proposed: to establish legislatively a consumer market basket, including a selection of approximately 300 of the most essential products, industrial goods, and services; to update price changes for this entire basket quarterly; to inform the population of this; and to establish a price index and in accordance with it generate indexation for the population's income.

Yes, these are expensive measures, but they are absolutely essential. Social support requires substantial means. Naturally, a question arises as to where to obtain those means. The aim of high-level social defense cannot be reached without speeded up growth in social product, national income, without a change in their structure in favor of consumption and nonproductive construction. In other words, social production and investment policy must be reoriented toward forming an economy of well-being.

According to preliminary calculations, in the next five years, for undertakings directed toward raising the people's standard of living, central among which is the strengthening of social guarantees, approximately 57 billion rubles are envisaged. If we succeed in realizing such a program, this will be a big step forward.

Is it realizable? Yes, it is, if the enterprises and regions themselves participate actively in this truly great cause. They have the opportunities to do so. According to rough

calculations, social guarantees can be increased by approximately 25-40 per cent by 1995 at the expense of local means.

In conclusion, I want to forestall readers' possible questions: What result do we expect in bringing out our draft proposal for public scrutiny? First of all, we are counting on vigorous, constructive dialogue. For this purpose we have tried to combine the exposition of theoretical approaches with an easily understandable description of the proposed concrete measures. The idea is that this is a system of views, an exposition of specific approaches to resolving problems. The complexity of the problem of social defense has required serious work. The exposition alone of the fundamental principles takes up more than 60 pages, moreover each thesis has entailed the elaboration of several versions of the solution. Each major question, including the concepts of employment, salary reform, and social security for invalids, has been detailed in a special program.

Actively participating in the work on the documents were not only the apparatus of USSR Goskomtrud but also USSR people's deputies, republic-level labor and social security organs, interested public organizations, especially the AUCCTU, experts in international organizations, scholars. The approaches set forth here were positively evaluated in the course of numerous discussions in labor collectives. This gives us foundation for believing that a document has been prepared that can become the basis for broad discussion and further work.

Naturally, such a complex, multifaceted program requires additional work, individual clauses bear a discussional nature. This is precisely why we invite everyone to actively discuss the document and assure everyone that all suggestions will be examined most attentively and taken under advisement in its elaboration. Only after elaboration will the proposed idea become a component part of the government's program.

Unfortunately, the experience of past discussions shows that frequently instead of constructive criticism, opponents resort to demagoguery, advance proposals not supported by either deep knowledge of the problem or serious calculations and analysis. If the proposals come from governmental organs, then the tone of the discussion often becomes generally unacceptable. We would like very much for the discussion of the proposed document to go differently, without bias, so that the draft's authors are not eventually ascribed any secret intentions. The problem is grave enough that it is not the time to utilize this discussion for settling scores and manifesting ambition.

The people say that an intelligent man will always find a way out of a difficult situation, whereas a wise man won't get himself in one in the first place. We would like very much for the discussion of the system of social defense for the population to manifest wisdom.

Signed

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Draft Text

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[Draft Text by USSR Goskomtrud: "Basic Tenets of the Concept of a Social Safety Net for the Population During the Transition to a Regulated Market Economy"]

[Text] The transition to a market economy demands new approaches to virtually every component social relation and entails a major and often fundamental perestroika of those relations. The success of the radical reform of the economy and society's social condition depends to a great extent on how concertedly and organically the powerful motives and stimuli for labor, enterprise, and initiative present in market relations interact with an effective social safety net and material support for the population's socially weak strata.

The necessity for a reliable and effective social safety net not only from the ongoing humanization of Soviet society. This is an urgent need of the present day. Without it the normal functioning of the various forms of property and newly created economic structures, stable and crisis-free social development, and social stability are impossible.

I. Cardinal Perestroika of the Social Safety Net

The social safety net for the population, which took shape over many years, is essentially a set of one-time, centrally implemented measures to raise the standard of living for individual strata of the population, specific "emergency assistance" to citizens who find themselves in an especially untoward situation. In practice it has come down to just one form, material support for the population through various channels: direct and indirect food subsidies, goods for children and the elderly, housing, education, health care, and cultural-rehabilitative measures.

Gradually, all this has created dependent attitudes in a significant portion of the population, a desire for more and more benefits from the government; it has engendered a leveling in their distribution. Suspect, undignified means of acquiring these goods have developed.

The failings of the current social safety net must be ascribed to the fact that its foundations, the most important elements and mechanism of their functioning, are oriented primarily toward centralized governmental measures to raise people's standard of living, outdated methods of creating and utilizing public use funds, and conservative labor legislation. All of these interact poorly, and along their individual lines do not coincide at all with the principles of radical economic and social perestroika, with people's new demands.

Satisfying the most important social requirements for housing, education, health care, job training, and certain

types of social service exclusively at the expense of public use funds will not create the conditions for pledging goods in support of personal incomes. It forces the government to implement a policy that restrains the growth of all forms of personal income. Hence the preservation of the low "cost" of manpower, the practice of compensating the worker by covering deductions only for living expenses (clothing, shoes, food, housing). Hence the substantial decline in stimuli for highly productive work, initiative, and enterprise; hence social dependency. Low salary levels make scientific-technical progress, the replacement of manual labor by machines, and the improvement of the industrial environment economically unprofitable.

Nor is our labor legislation designed to defend the worker's interests under market conditions. It does not provide the necessary guarantees against unemployment or unemployment compensation, it does not take into account the fact that new forms of property will necessitate special methods for protecting those hired by leasing collectives, workers in mixed enterprises, joint enterprises, and cooperatives. Current labor legislation, which involves equalizing distribution and the active utilization of public use funds, allows unconscientious workers to live decently at the expense of the collective. Others, chiefly young people and invalids, have virtually no opportunity to realize their right to work, which is so essential for the market economy.

The centralized governmental administration of the social safety net, both by the nature of its measures as well as the sources of its financing, renders the principle of the ability to earn income and benefits pretentious and rhetorical. That is why neither the regions of the country nor the labor collectives and their workers are striving for adequate improvement in labor efficiency. People have been infected with a collective egoism.

The resource base for the population's social safety net is obviously inadequate. Centralized undertakings to raise the people's standard of living based on the "remainder principle" are incapable of materially supporting the non-able-bodied members of society. At the same time, people's requirements have increased, as has the cost of living. Material marginality is becoming more widespread. As of 1 July 1989, more than 11 per cent of our citizens had incomes of less than 75 rubles, i.e., below the poverty line.

The current model for a social safety net does not correspond to the new realities: the change in the "center's" role in the administration of the country's socio-economic development; the reallocation of resource supply and responsibility in this sphere; the extension of rights and opportunities to the union republics, the regions of the country, and the labor collectives; transformations in property relations. One of the most serious inadequacies of the system is the fact that it does virtually nothing to safeguard the population against inflation.

On the whole, a fundamental perestroika of the social safety net is thoroughly justified. Analysis of the social processes under way not only in our country but in others as well shows that special legislative and organizational measures are needed for a social safety net and for strengthening the economic base. Otherwise, grave consequences are possible under market conditions, including:

- a relative, perhaps even an absolute decline in the standard of living for specific groups of the population, especially the socially weak—invalids, pensioners, families with many children, young and incomplete families, and young people. The cost of living is outstripping the rise in incomes for many people, which leads to the extensive spread of material marginality;
- a progressive strengthening of the unearned property base and, as a consequence, social stratification of the population. While the property situation of low-income groups is constantly worsening, at the other pole the number of individuals with incomes that frequently exceed their real labor contribution is growing. Unjustified, super-high incomes are becoming one cause of social tension in society;
- a decline in the prestige of socially useful labor and a devaluation of all labor stimuli;
- large-scale unemployment. Even now great difficulties are arising with respect to job placement for certain categories of the population—young people, invalids, women with children, individuals approaching retirement age; unemployment of a structural and regional nature is becoming exacerbated.

The transition to a market economy requires an integrated, interrelated, multifaceted system of economic, legal, and social guarantees to ensure that the most important social rights of each member of society are observed. Above all, the right to work, the receipt of income providing for a dignified level and quality of life. Those who for objective reasons cannot earn independently and thus have sufficient income—families with many children, young and incomplete families, children, students, invalids, and other citizens with limited disability—must receive monetary subsidies and in-kind payments.

Perestroika has brought into play fundamentally new factors that urgently require cardinal changes in the social safety net's mechanism. Among these factors, first of all, are the new forms of property, the degovernmentalization of economic structures, changes in the distribution of newly created product, extension of the spheres of application of contractual wholesale, purchase, and retail prices. The relationship between the rights, obligations, and responsibilities of the "center," the republics, and the territories in the administration of socioeconomic development is changing. A large-scale structural perestroika of the economy has begun; the economy is being reoriented socially. The population is demanding a

new level and quality of life. It must be expected that already in the early stage of the market's coming into being, many social and economic processes are going to undergo substantial speed-up. At the same time, ambiguous social tendencies that previously would have been uncharacteristic of our country and that without special protective measures are capable of destabilizing society are already developing.

II. Basic Principles for a New Social Safety Net

At the base of the concept of constructing a new social safety net for the population, it has been proposed to place the following basic principles:

First, universality in combination with differentiated approaches to various sociodemographic strata and population groups.

Universality means that social, economic, and legal guarantees cover all citizens of the USSR without exception—laborers, employees, cooperative members, leasers, individuals in the creative professions, farmers, all individuals regardless of their form of employment, sex, nationality, or income. The system extends over the entire life cycle, i.e., it protects the interests of children, young people, working citizens and invalids, the elderly and non-able-bodied, and dependent individuals. It also affects all spheres of life: education, health care, labor, vacations, daily life, creativity.

Differentiation means distinction in the choice of goal, subject, forms, methods, and source of financing for the mechanisms of the social safety net depending on the individual's degree of economic independence, his degree of able-bodiedness, and his capacities for acquiring income.

For able-bodied citizens, economically active groups of the population, the social safety net is realized in the fact that they have equal opportunity to improve their well-being at the cost of their personal labor contribution, economic independence, and initiative. Given the multiplicity of types of property, of paramount significance is defending the individual's basic rights in the sphere of labor—the right to work, vacation, normal working conditions, and receipt of income from one's activities.

Most important for the socially weak strata of the population and the non-able-bodied is guaranteed precedence in the utilization of the public use funds, lowered taxes, the development of social services, and strong legal and economic protection for personal income. Direct material support in the form of pensions, subsidies, stipends, and other social outlays must be paid first and foremost to those who are still or already non-able-bodied: children, the elderly, invalids, and similar categories of citizens.

Second, integration of protection guarantees into a unitary system at all levels—all-union, republic, regional, labor collective—with a precise definition of rights, responsibility, and functions for each of these levels, as well as funding sources.

There are two approaches to the relationship between the roles of the center and the regions. In one, the spheres of activity are sharply delimited and the legislative organs at the various levels resolve problems within their sphere of competence. Each level provides for social guarantees out of its own budget.

The essence of the second approach is a limited combining and supplementing of measures at the all-union level for measures undertaken on the republic and local levels. Their efforts and means (union, republic, and local budgets) are combined for the protection of the population, and in this way union republic programs are created.

The second approach is understandably preferable, because the greater part of major social programs can be effectively resolved only by "the entire community," i.e., by the whole country uniting. However, in this instance, too, the spheres of competence must be delimited to a certain degree.

The all-union level has to establish minimum governmental guarantees, so to speak, a least line of defence for all citizens of the country and for specific, socially weak groups of the population.

The government, relying on the tax system and social insurance, regulates distributional relations in society, accumulating in its budgets and targeted funds a certain portion of the income of enterprises and citizens, which it redistributes in the form of pensions, subsidies, and other outlays, and compensations to non-able-bodied members of society and implements all-union programs to strengthen the social safety net.

The union republics and the local organs ensure the implementation of the government's labor and social safety net for citizens on its territory and elaborate and implement their own republic, regional, and local social safety nets. Proceeding from their own sociodemographic, cultural, and other characteristics, as well as their own financial opportunities, they raise the level of guarantees for individual groups of the population and introduce supplemental guarantees for the inhabitants of their territory.

Labor collectives conclude collective contracts according to which, within the bounds of their earned means, they establish privileges and benefits for their workers and the members of their families that supplement all-union, republic, and local guarantees, above all in such important social areas as housing and day care, creating conditions for full vacations and improving working conditions, pensions, and social services.

Third, a sharp increment in the role of personal income in raising the standard of living for the population and in satisfying social and daily material needs. Market factors will not increase the individual's activeness in the work sphere, his enterprise and initiative will not undergo the necessary development, if equalizing in the distribution of public use funds and the dependency that comes from

it are preserved. Public use funds must be looked upon as a guaranteed minimum of social goods for all strata of the population. It is mostly the non-able-bodied members of society who should receive the most from public use funds. All able-bodied people must raise their standard of living additionally through their own labor, their own personal income.

Fourth, the reliability of the social safety net's resource base. We must decisively reject the remainder principle in allocating funds for the resolution of social issues and actively apply socioeconomic planning, administration, and distribution of the system of scientifically founded norms (social norms).

The most important of these norms, such as the subsistence minimum and the minimum wage, will be confirmed legislatively on the governmental level. Moreover, they will, on the basis of a uniform methodology, be differentiated by the union republics and regions of the country, taking into account the concrete conditions and characteristics of each republic and region. Social norms are intended to be used as a point of departure for the elaboration of union, republic, and regional social development programs.

Through norms, the government will provide all citizens with equally guaranteed access to education, health care, and housing, providing them free of charge within sharply defined limits and spheres. The working population must pay for services received over and above the envisaged norms, i.e., above the standard guaranteed minimum, out of their own or their collective's income. Similar expenditures for the non-able-bodied can be borne by local and republic budgets or by special funds. This kind of approach allows us to regenerate the role of labor stimuli, to draw actively on the population's personal income for the resolution of social problems, to create at last a mechanism that will provide the socially weak strata of the population an advantage in utilizing public use funds.

By utilizing social norms, we can distribute public use funds on a qualitatively new, socially just basis. Access to the appropriate goods and services will be equal for everyone and will not depend on familial, personal, or employment connections; everyone will have to stand in line at the proper office.

Fifth, flexibility in the system of social guarantees. The social safety net must be structured around the dynamism of socioeconomic processes under market conditions and must safeguard against various possible causes for social tension, must anticipate socially negative phenomena and tendencies. What will this take?

Above all, public coordination of interests. Concrete examples of social guarantees and norms at all levels from the union to individual enterprises will be regulated by agreements and contracts between the owners of the means of production, including the state as a whole, and professional unions and other organs of self-management representing the workers. Protective and

support measures must be anticipatory and goal-oriented. Say, in a one-time revision of retail prices the population first receives monetary compensation and only later goes to the stores where the new prices are in effect.

What conclusions can we draw from what has been said? What will the social safety net look like in a market economy, which is based on expanded economic independence and responsibility for the able-bodied population, consistently supports stimuli for each worker to engage in highly productive, high-quality work and to consistently improve his knowledge and qualifications, and spurs people's interest in improving the economic results of their work.

For each worker, the value of his job will rise not only due to the possibility of losing it but, consequently, due to the possibility of lowering his standard of living. The most important thing is the opportunity to give one's creative abilities full play and simultaneously acquire the means to satisfy one's needs qualitatively and fully through earned income.

With respect to the non-able-bodied and the socially weak strata of society, the new system will strengthen social guarantees, averting a decline in the standard of living, defend the right to work according to ability and the receipt of supplemental income, and provide material support during the more complicated periods of life (pregnancy and childbirth, child and invalid care, temporary disability, old age, and so on).

III. Labor Relations

Greater independence for enterprises under market conditions entails expanding the sphere of contractual relations. In the negotiation stage of the labor contract a high degree of interest and responsibility is already assumed on both sides—the worker with his individual traits and the enterprise. The collective agreement becomes a means for coordinating the interests of the various social groups in the labor collective, of regulating labor relations.

Current labor legislation and the key normative act—the Foundations of Labor Legislation for the USSR and the Union Republics—must be reformed so as to protect the worker in production. A draft of a new law on the foundations of labor legislation has been prepared, and it is due to pass this year.

First of all, it provides for a sharp extension of the right to form of economic teams and increases the role of the collective contract. **Only the establishment of general principles for labor legislation shall remain within the competence of the USSR, in the form of governmental guarantees on hiring and firing, in determining the length of the work week, in the procedure for granting vacations and their length, and in regulating labor disputes and conflicts.** The idea is to strengthen the protective aspect of the norms established, for example, to ensure that the work week is no longer than established

by law. The norms of labor legislation must be extended to all workers hired by enterprises regardless of the form of property and management. The enterprises themselves must regulate specific norms for labor relations within the collective on the basis of collective and individual contracts, which may provide more benefits than established by government norms (depending on the specific enterprise's economic resources).

In the area of pay, the plan is to reject once and for all direct centralized regulation of the worker's individual or average pay and to shift to taxation as a way to regulate labor remuneration. Individual salaries must be determined only by the worker's personal labor contribution and the extent of the enterprise's resources for remunerating labor. Governmental social protection for workers will be ensured by the established guaranteed minimum wage for all skill categories. The implementation of this principle will require changes in the role and meaning of the tariff system of labor remuneration, its cardinal perestroika.

Under the new conditions, tariff rates and assessments are being reoriented toward implementing social guarantees rather than regulating. Their function will be not to restrict the rise in pay, as now, but as a norm setting the minimum government-guaranteed level of remuneration for labor that satisfies the obligations placed on the worker (his job) within the limits of the legally established work day and with due consideration for his qualifications. Instead of the current procedure of centralized establishment of absolute amounts (in rubles) for rates and assessments for all professions and jobs, the plan is to switch to a uniform tariff scale.

The plan is to set an all-government minimum for the first-class tariff rate and tariff coefficients that reflect the differences in the degree of difficulty of work for each professionally qualified group. In doing so the amount of the tariff rate for the first-class worker is differentiated according to regions of the country and branches of the economy, taking into account the elevated cost of living in several regions (the North, the Far East . . .) and the more difficult working conditions in specific branches. Using a base tariff scale, the enterprises will independently establish rates and assessments for all the enterprise's workers, the idea being that, in negotiating collective contracts, the enterprise can, by considering its economic conditions and proposed measures for improving the efficiency of its productive-economic activity, independently advance the tariff scale upward, i.e., raise rates and assessments within the limits of its resources for labor remuneration.

Extra pay for work involving difficult or hazardous conditions and other outlays of a compensational nature are expected to be retained. No upper limits are to be imposed on prizes, bonuses, or extra pay.

In the near future it is planned to rescind the centralized procedure of paying out rewards for length of service. This issue is being passed on for full review by the

enterprises themselves, which will have the right to establish independently any forms of stimulation (without forfeiting means earmarked by the enterprise for these goals).

Under the new economic conditions, labor regulation too is becoming wholly the prerogative of the enterprise.

Along with this, while granting the enterprises full independence in the organization and regulation of labor, the government will be rendering them scientific-methodological assistance, will provide them with personnel, and will guarantee protection for workers in their labor relations with the administration.

The enterprise's collective contract (regardless of the form of property) must forbid any revision of the norms without the corresponding organizational and technical conditions for their implementation, must stipulate both a minimum level of implementation for norms and established industrial tasks as well the work pace, and must guarantee the worker the right to the established tariff rate and additional material incentive. For these purposes the government is creating a scientific-methodological basis for regulation that envisages, among other things, the resolution of problems connected with psychological-physical and gender-age limitations. This has particular significance for pregnant women, pensioners and individuals approaching retirement age, invalids, and adolescents.

Tariffing jobs and establishing designations for professions and jobs in enterprises in accordance with the centrally developed skill classifications will ensure essential uniformity and, consequently, social protection for the worker in the establishment of qualifications and classifications. Such a procedure is very important in compensating for working conditions (a shortened work day, additional vacation, special pension, and so on).

Understandably, reform in labor compensation requires a stable economic situation, above all, as well as the stabilization of retail prices for goods and services, the establishment of social norms, the specification of a complete list of vital goods that the population will be purchasing rather than receiving free of charge, the establishment of payment amounts for these goods (for example, the cost of purchasing housing), and time for preparation. This means carrying this reform out stage by stage as well. It has been proposed to begin by considering the centrally approved Government Resolution No. 1115 of September 1986 on rates and assessments as government-guaranteed minimums starting 1 January 1991. They can then be raised for 1991 in the negotiation of collective contracts on condition that the enterprise possesses sufficient resources for these purposes.

The major reform in labor compensation, which proposes fundamental changes in this sphere, should be implemented in 1992-1993, so that all the changes that come about in the transition to the market in the cost of goods and services can be taken fully into account.

No less important is strengthening the role of the other side in the social partnership: the directors of the enterprises, defending their right to administer production, to make responsible and economically effective decisions. Extension of the rights of enterprises to the sphere of labor compensation is expected to be realized simultaneously with article 14 of the Law on Enterprises in the USSR, which says that the director of an enterprise is designated the owner of the means of production, which means the government, investors, cooperative members, leasers, and so on. This article has yet to be implemented. A contract must be concluded with the enterprise's director that spells out his obligations with respect to the owner, the planned results and terms of work, the levels for labor compensation, and other hiring conditions. Centrally approved assessments are also considered minimums in this instance. The terms and amounts of compensation, including the director's bonus, is to be established in the negotiations for the individual contract. It is recommended that the director's pay be linked to increased profit and other indicators characterizing the fulfillment of obligations before the owner. Contract negotiations with directors should be entered into immediately, with the idea of starting a campaign in October-November 1990 to sign collective contracts for 1991.

The level of government guarantees for labor compensation will be supported by a periodic (once every three to five years) review of minimum tariff rates and assessments depending on the dynamics of the cost of living, the amounts of the legislatively set subsistence wage. Utilizing the tariff scale will create guarantees for raising the standard of living for all professionally qualified strata and will strengthen protection for the interests of the more qualified workers. If, for example, a resolution is passed to raise the first-class rate, then automatically, through the system of inter-class relations, the tariff rates for all classes will be increased by a specific percentage.

Labor compensation guarantees are extended only to hired workers. The government is not obliged to guarantee the incomes of members of cooperatives, leasing collectives, or other co-owners of the means of production. The ability of any enterprise, regardless of the form of property, to observe the government-established minimum pay levels for their workers is one of the mandatory conditions for their creation. If the enterprise does not ensure these guarantees, it must declare bankruptcy according to the established procedure.

For organizations and institutions that are on budget financing, guarantees for labor compensation shall be ensured on the basis of direct allocation of means for pay out of the appropriate budget. Minimum tariff rates and assessments, increases and extra payments at the first stage are to be no lower than in enterprises based on cost accounting [khozraschet], and in 1994-1995 they will have to be set higher than for economic teams. For these purposes, in introducing the new pay minimums in 1992-1993 the plan is to equalize the level of rates and

assessments in all branches of the economy for jobs of comparable difficulty, and then on this basis implement their systematic review, including for workers in nonproductive branches.

An important component system of the social safety net is the rayon-level regulation of labor compensation, which allows for differentiation in salaries in accordance with the real distinctions in the cost of living by region of the country.

It is proposed to increase the minimum government-guaranteed tariff rates and official assessments for workers in enterprises, organizations, and institutions regardless of the branch or department, based on uniform coefficients established for regions of the country that take into account natural and climatic conditions. Rayon coefficients are called for above all to compensate for the difference in the cost of living in specific regions in comparison with the country's central rayons. The cost of living in a region is identical for workers in the productive and nonproductive branches, therefore the coefficients must be uniform. Here, supplementary expenses related exclusively to natural and climatic survival conditions must be considered at the governmental level: a longer heating period, higher expenses for housing construction in the North, and so on. In essence, it signifies a transition to territorial tariff rates and official assessments on the basis of scientifically grounded determinations of the costs of generating manpower. Simultaneously, the enterprises and organs of republic and territorial administration shall be given the right to increase territorial tariff rates at the expense of their own resources. Such an approach will allow for a more successful resolution of such problems as improving the social safety net and stimulating the influx of personnel into specific regions.

The new concept of rayon pay regulation proposes to remove restrictions on pay that are charged coefficients and northern supplements, to give enterprises the right to establish independently the conditions for their outlay. The reform of rayon pay regulation requires a stabilization of retail prices, the accumulation of significant means (more than 8.5 billion rubles), and many other conditions, therefore it is proposed to implement it in the course of 1993-1995.

The plan is to construct a defense for the worker's right to safe working conditions and corresponding benefits on the basis of social norms for working conditions. A special government service on working conditions, which must be created in 1990, must become the organizational foundation for overseeing these guarantees. It will be responsible for oversight in all enterprises without exception of the government-established guarantees for hired workers, including their right to pension benefits, higher pay, a shortened work day, and additional vacation. The organs of state expertise will function in the enterprises above all as economic levers inspiring them to improve working conditions and if necessary directly forbidding the filling of jobs where the

norms for maximally allowable concentrations of hazardous factors and healthy, safe working conditions are not ensured. This work must be in full effect as of 1 January 1991.

The draft Foundations for Labor Legislation of the USSR and the Union Republics envisages strengthening guarantees of a protective nature, which will serve as minimums for union republic legislation. Work time will be regulated and guarantees will be established for invalids, working pregnant women, young people, people combining work and study, and so on.

The new USSR legislation on vacations, effective 1 January 1991, forms an inalienable part of worker's protection given the multiplicity of forms of property. Its norms have also been formulated as minimal all-governmental guarantees. Enterprises will regulate the specific durations of work and personal leave (not less than the guaranteed minimums) independently in negotiating collective and individual contracts, based on their available resources. Republic-level organs will be given the right to increase personal leave for the republic's population.

Regardless how quickly the government takes up the definition of only the minimum level of guarantees in the sphere of labor relations, in the immediate future it will be necessary to master a new approach to the practice of negotiating collective contracts. It is no secret to anyone that at the present time they bear a largely formal nature, but under the new conditions they will cover a wide circle of productive and labor relations in the enterprise. That is, in essence, they are becoming the foundation for coordinating interests in the labor collective, the means and instrument of social partnership.

IV. Social Guarantees of Employment

Given an extensive, spending economy and the low cost of manpower, the demand for manpower has significantly outstripped the real need. On a nationwide scale this has brought about, first of all, excessive employment of women and several other categories of the population and, secondly, a large number of vacant jobs. With the transition to a market economy the situation is changing in a fundamental way.

With the progress of economic reform, the implementation of laws on property, on local self-government and economic management, on enterprise, on cooperation, on leasing, on investment societies, and on joint, mixed, and small enterprises, a labor market is beginning to form based on the individual's exclusive right to dispose of his own working abilities.

Unlike the administrative-command distribution and redistribution of labor resources, the labor market realizes the citizen's individual right to work and raises his economic status in society. Now each individual himself can freely choose his form of employment, type of activity, and profession. No one has the right to compel a free person to work by administrative means.

In a market economy, society's labor potential is distributed according to the demand and supply for manpower. This has a dual effect on employment. Under the influence of market factors, economically inefficient industries and jobs are inevitably liquidated, industry's technological base is abruptly updated, structural shifts are brought about in the economy, and consequently, not only the cost of manpower rises but so does the efficiency of its utilization, and working conditions improve. At the same time the transition to the market leads to the dismissal of a rather large number of workers. If precautionary measures are not taken, then the prospect of unemployment cannot be excluded.

Unemployment in its "pure form" (such as a surplus of workers consciously maintained by the government for the purpose of pressuring those working, compelling them to more productive labor, and as a method for driving down the cost of manpower and decreasing the hired worker's social activeness) is alien to our goals and must be averted.

However, with the speed-up in scientific and technical progress and the structural perestroika of the economy, the simultaneous existence of various forms of property, and the bankruptcy of enterprises, there will be growth in the worker's mobility, job changing, a moral aging of the work force, of its accumulated habits and knowledge. Without this society's progress is impossible. Therefore change cannot be avoided in the labor sphere, regardless of any defensive measures taken by the enterprises, and a portion of the workers will have to be released from current production.

This does not mean that the worker should simply be dumped on the labor market and left to his own devices. He will be transferred in an organized manner to the already created employment service for job training in forward-looking branches and industries. The employment service will take upon itself the search for jobs in the government's name, will offer free service in orientation and training for new jobs.

The scale of worker dismissals from industry—and, consequently, the theoretical and practical possibility of unemployment—depends directly on the tactics selected in the transition to the market.

Analysis has shown that in the so-called shock version (which, as we know, the government's program for transition to the market has rejected), which proposes a transition to market relations simultaneous with complete freedom of price formation in the absence of serious amortizing measures on the part of the government (above all, temporary support for weak enterprises and the creation of new jobs), dismissal would affect nearly 35-40 million people. Such a level, according to calculations, would hold for two to two and a half years, with a quick decline following. This version is effective as a quick way out of the crisis for the economy, but it would be extremely painful in the social respect, and

large-scale employment would necessarily arise. The social cost for this transition to the market makes it unacceptable.

If the stages and levers of government regulation of the market envisaged by the government's program are basically maintained, then over the next four or five years annual dismissals will affect 8-10 million people. Bear in mind, though, there are estimated to be 2.8 million job openings in the country; there is the possibility of employing 7-8 million people in production on the second shift and 3-4 million in trade and the service sector. Moreover, alternative forms of employment (self-employment, cooperatives, domestic labor) are developing. The stage-by-stage transition to the market, therefore, seems preferable.

Any transition to the market economy will require that the government as a whole and all the republics and regions of the country take legal, economic, and organizational measures to ensure each person a high degree of social protection.

Legislative acts have been drawn up covering this type of protection for the population. All documents are expected to be introduced into the USSR Supreme Soviet before 1 September 1990, so that they can go into effect as of 1 January 1991. They provide for:

- the state's obligations in providing a job for every able-bodied person;
- special job protections for young people, invalids, pregnant women, mothers of many children, single mothers, and graduates of high schools, technical colleges, vocational schools, and VUZes;
- access to free job orientation, training, and retraining;
- payment of stipends during retraining and subsidies during temporary unemployment, the retention of seniority during such periods;
- special protective measures and material support for people dismissed as a result of industrial conversion and the temporary curtailment of centralized capital investment in the northern rayons;
- early retirement;
- material assistance for relocation to jobs elsewhere;
- special job creation programs in labor-surplus regions;
- the organization of public works for individuals experiencing temporary difficulties in the search for permanent employment;
- privileges for enterprises that create new jobs for the purpose of averting unemployment;
- the creation of a special government fund for job orientation and assistance to the unemployed population.

In accordance with the draft legislative foundations of the USSR and union republics "On Employment for the Population" already introduced in the USSR Supreme Soviet, a government job service will be created in 1990 that unlike previous job exchanges will not only be involved with the search for jobs and job placement but will also regulate employment processes on the territory; conduct job orientation, training, and retraining for personnel; organize public works; pay out subsidies during periods of temporary unemployment; find jobs in other rayons of the country and assist with relocation.

The basis for this service will be the job placement bureaus and job orientation centers already existing in the absolute majority of rayons in the country. The service will expand and be strengthened by personnel and will be equipped with computers and other essential technology. As many job administration functions as possible will be transferred to rayons and cities with their own job centers, which will take on a set of practical tasks: analysis, prognosis, development of employment programs, job consultation, training, retraining, and job placement.

The draft of the legislative foundations on employment is strengthened by the fact that the chief guarantor of social protection for the population must be the state. The law establishes responsibility for ensuring this guarantee at all levels of administration—from central to local organs. The "center" analyzes and makes prognoses about the situation in the sphere of employment, passes all-governmental legislative, economic, and organizational measures positively influencing the labor market, regulates taxation, sets general policy for distributing productive forces, and establishes uniform minimums of social support for all regions of the country.

The local organs of power will take on the direct organization of employment programs, utilizing appropriate budgetary means from all levels. For this the union republics and local democratic organs must learn how best to apply such instruments as tax benefits for enterprises that create new jobs and quotas on a portion of the jobs in the territory for the placement of categories of the population that are weaker in the labor respect, especially invalids, mothers of many children, women with young children, young people, former servicemen, individuals who have been out of work for a long time, exconvicts, and so on.

Social guarantees established for people dismissed during the reorganization and liquidation of enterprises and during cutbacks in numbers and staffs will be extended to all dismissed workers. Provision is made for retaining seniority and, during the job placement period (up to three months), payment of an average salary that takes into account severance pay. If a new job is not found within 12 months, the matter of employment will be resolved by training for a new job. Workers approaching retirement age will be given the right to retire (two to three years) early.

The guarantee of job training, retraining, and requalification for personnel at government expense will serve as a strong guarantee and support for the dismissed worker. For this a special governmental union-republic fund is being created for job orientation and assistance to the unemployed population.

During the retraining period, such people will receive a stipend, which will amount to 50 per cent (for single people) and 75 per cent (for those with children and other dependents) of their average salary at the previous place of work, computed on the basis of government-recommended rates and assessments recommended for the corresponding industries and professions, and for workers dismissed from cooperatives and other enterprises in the nongovernmental sector of the economy, with reference to their rates and assessments. The stipend for individuals seeking work for the first time, as for all others, will be set no lower than the minimum wage. During the training period, seniority will be retained.

Particular attention is paid to the protection of the employment rights of servicemen discharged from the Armed Forces of the USSR in connection with its curtailment. The difficulty of work and social adaptation, the more prolonged period of psychological *perestroika* for former servicemen, requires that the level of legislatively enforced governmental guarantees for them be substantially higher than for other workers.

In unavoidable instances, the local congresses of people's deputies, with the participation of the government job service, can resolve employment questions for the population by organizing remunerated public works.

Citizens' voluntary participation in such works, for the well-being of inhabited localities and adjacent territories, in the sphere of services to the population, in the development of culture, sports, trade, in communal management, will provide an opportunity for including them in active working life, for maintaining their standard of living during temporary employment difficulties.

This is very important for the social-labor adaptation of specific age groups such as young people, individuals approaching retirement age, and women seeking flexible forms of employment. Participation in public works will be remunerated according to the work done with a guarantee of at least 50 per cent of their basic pay at their former place of work and no lower than the minimum wage. While involved in these works, citizens will be extended additional social guarantees, including the right to a pension and temporary unemployment subsidies.

It is proposed to pay those individuals whom the government for one reason or another is unable to offer work a subsidy for temporary unemployment, not less than 50 per cent of their basic pay at their former place of work, computed on the basis of government-recommended rates and assessments and no less than the minimum wage, and for those seeking work for the first

time, no less than the social pension (50 per cent of the minimum wage). The plan is to pay out subsidies during a period of up to half a year, and for individuals approaching retirement age, up to nine months. Considering the time for retraining and improving qualifications (from two to six months), the real possibility arises for finding or creating a new job. Naturally, those who refuse work should not be paid a subsidy.

In order to ensure a reliable economic base for government guarantees in the area of employment, it is planned to create a government fund for job orientation and assistance to the unemployed. This fund could be created either out of contributions for labor resources paid in by all enterprises and organizations, or by instituting compulsory deductions from the profits of enterprises in the amount of 1 per cent of expenditures for labor remuneration. Such funds must be created at all levels—local, republic, and union—taking into consideration each level's ability and the tasks they face.

Understandably, the chief aspect of employment policy is not subsidies but satisfying citizens' work needs. Thus developing governmental and regional job programs takes on the greatest significance. Such programs must provide measures for improving the system of personnel training and retraining must ensure employment for specific groups of the population whose job placement is complicated (women, young people, invalids, individuals approaching retirement, and so on), must increase enterprises' interest in developing jobs and flexible forms of employment, and must improve the employment system as a whole.

The transition to a market economy poses an especially acute employment problem for rural inhabitants. Apart from agricultural enterprises, in rural locales, as a rule, there are no other jobs.

Considering the specific characteristics of rural life, it is essential along with the government's general social safety net to carry out a series of measures especially for the countryside:

- organize a branch network of instruction for agricultural workers in the basics of technology, economy, and law for farming;

- fundamentally alter the way opportunities for voluntary relocation are presented to citizens; continue to expand the relocation of rural inhabitants, including *kolkhoz* members and *sovkhoz* workers, within the same region; and in doing so offer them the same benefits as provided for interrepublic relocation.

According to calculations, implementing the employment guarantees planned for 1991 will cost 4-6 billion rubles, and thereafter expenditures will grow annually by approximately 1 billion rubles.

V. The Social Safety Net for the Weak and Non-Able-Bodied Strata of the Population

Society must manifest particular concern for the non-able-bodied, for whom it is essential that a system of direct, targeted guarantees ensuring socially acceptable standards for living and consumption be established. This requires a qualitatively new approach to the formation and distribution of public use funds.

The absence of personal responsibility and equalization in the utilization of public use funds, the distribution—even if highly inconsistent—of part of them primarily according to the results of labor and public activity but not infrequently according to socially unjustified criteria as well—all this has led to public use funds ceasing to fill the important special function of ensuring support for the non-able-bodied and low-income strata of the population.

In families with an average per capita income of less than 75 rubles a month, payments and benefits from public use funds are approximately three times lower than for families with incomes over 200 rubles. Young people, incomplete families, families with many children, invalids, and pensioners use sanatoria, nursing homes, and sports and cultural-spectator facilities three to five times less than do other categories of the population. In housing, sanatorium-resort services, and day care centers, these groups, like low-income families, are provided for at a level two to four times lower than is everyone else. Meanwhile, the government pays 500-600 rubles a year to support one child in kindergarten. Consequently, a family with many children that do not get into kindergarten are deprived of 35-40 rubles a month from the government for each child of that age.

Parents in families with many children, single mothers, invalids, and people approaching retirement age often for objective reasons cannot achieve high results in their work and public activities. Many of them are in no condition to work overtime and on days off, to say nothing of participating in or organizing activities. The distribution of public use funds based on the results of one's labor and public activity clearly deprives them of their chance at a fair share of these funds, to say nothing of the fact that such an approach inhibits directing public use funds primarily toward the indicated category.

Public use funds are unequally distributed over the territory of the country, therefore access to them varies substantially according to region. The inhabitants of the Far North, Primorye, Siberia, and mountain and desert rayons (especially indigenous peoples) have a very slight chance of getting their fair share of public use funds. There is a substantial difference in average consumption between city and country.

Public resources are above all education, health care, and culture. It is unlikely that it will be possible to ensure equal quality for these services for all inhabitants of our country over the short term. At the same time, modern

practice in utilizing public funds perpetuates violations of the principles of social justice in the consumption of public wealth.

The only way out of this situation is a transition from the socioeconomic model based on the low cost of manpower and a high proportion of free goods and services to a new model based on the high cost of manpower and payment for the satisfaction of the population's growing material-daily needs. It should be especially emphasized that this is not a matter of rescinding free health care, education, and so forth, but of drawing more actively on private incomes to solve the problems existing in this sphere. Not instead of but in addition to. Some goods the entire population receives free of charge from public use funds, but the able-bodied population should pay for additional services out of personal income.

What should the first step be? Most branches in the social sphere—health care, physical fitness, housing-communal management, preschool education, and elementary schools—must be included in the sphere of partial self-financing. It would be logical to establish social norms for a guaranteed level of services offered to society free of charge and to consider this level a minimum. **The able-bodied population should pay for consumption over and above the social norm out of personal income and enterprises' collective funds.** Thus, for example, it could be established that each citizen has the right to free health care up to the average per capita outlay for health care. To pay for additional services from the health care and sanatorium-resort system, enterprises and organizations could conclude fee-based contracts for servicing their workers, or they could create their own hospital and insurance funds, earmarking a portion of their earnings for these purposes.

The government must guarantee a higher level of material support and social service with public use funds above all to the elderly, invalids, young people, incomplete families, and families with many children. Means of support may vary, but it is obvious that the basic emphasis must be on such services being free of charge for the socially weak strata of the population. Local, republic, and union budgets must take responsibility for expenditures above the established norms for social services and support for citizens who are not yet or no longer able-bodied and other socially weak categories.

With respect to health care, organs of the local soviets could conclude contracts with treatment institutions for servicing the indicated citizens and finance them through supplemental appropriations from local budgets. In resolving the housing problem, the state must guarantee compensation for a part of the personal expenditures for these purposes (say, depending on the region, 1,000-2,000 rubles). In practice, this is tantamount to a guarantee for everyone of a certain amount of living area free of charge. The able-bodied population must cover expenditures above the social norm and expenses for construction of more comfortable or larger housing out

of personal income and funds allocated by the enterprises. Government organs and enterprises could contribute that kind of payment for the socially weak strata. Such a resolution would permit a real transition to the formation of a housing market and simultaneously accrue large supplemental financial resources to housing construction.

Another type of solution is possible in education. Standard education must be wholly free of charge. However, what is preventing the opening of many lyceums, colleges, providing nonstandard or supplemental education for a fee? This could be extended to foreign language study, or special art or music education. A second higher education should also be provided for a fee. This solves two problems at one stroke: new opportunities for acquiring a good education are created; and the government can direct the freed-up resources toward the development of the usual forms of study. Of course, the socially weak strata of society must also have access to nonstandard education. For children of families with many children and incomplete families, republic and local budgets, enterprises or charitable funds, could contribute fees.

The new approach to the creation and distribution of public use funds would permit significant changes in their structure, a real rather than paper increase in the proportion of resources targeted for a safety net for the non-able-bodied and the social weak strata of society. Moreover, the essential preconditions could be created for a major reorientation of these funds from material-daily life types of problems to the strengthening of the material base for the growth of society's spiritual and intellectual potential and the preservation of its cultural heritage.

USSR Goskomtrud, along with other economic departments and the AUCCTU, is putting the finishing touches on a system of social norms, and the indicated approach could be taken up in certain spheres as early as January 1991. Naturally, the transition to such a system of relations requires corresponding changes in labor remuneration.

It is extremely important to coordinate properly the spheres of competition, the functions, the rights, and the responsibilities of the various levels of the government structure in creating a defense for the interests of the socially weak strata of the population. Proceeding from the foundations of the economic relations between the USSR and the union and autonomous republics, the expanded sovereignty of the union republics and of the rights of the local congresses of people's deputies, and the increased economic independence of associations and enterprises, it has been proposed that the functions of social protection for low-income citizens be delimited in the following manner:

at the level of the USSR:

- to define in conjunction with the union republics the general principles of government policy with respect

to the social safety net; to establish the most important all-union norms: a minimum consumption budget for the various sociodemographic groups of the population and minimums for labor remuneration, pensions, subsidies, and stipends;

- to coordinate the activities of the union republics with respect to the issues of social protection; to conclude agreements with them and work out all-union programs in this sphere;

- to provide subventions (grants) to the budgets of certain union republics for financing undertakings related to ensuring all-union guarantees of citizens' social and economic defense;

at the level of the union and autonomous republics:

- to resolve in full the issues connected with the elaboration and implementation of social defense policy on the territory of the republics guaranteeing citizens' their proper rights;

- to determine republic minimums for consumption budgets that take into account the individual's economic opportunities and regional, ethnic, sociodemographic, and other factors;

- to establish increased social guarantees from republic budgets; to constantly improve the social safety net and social guarantees and services for citizens;

at the level of local congresses of people's deputies:

- to increase with local budget resources the dimensions of social assistance rendered to individual categories of low-income families and citizens, to introduce, taking into account regions' specifics, supplementary benefits and forms of support for non-able-bodied and elderly citizens, families with many children, and incomplete and young families.

Labor collectives could, at the expense of the appropriate enterprise funds, establish collective agreements providing supplementary social support for workers and members of their families, as well as for pensioners.

VI. Social Norms as a Type of Social Safety Net

Under the new conditions, the social safety net must be constructed on the basis of social norms that reflect scientifically grounded indicators of the level of consumption of the most important goods and services, the dimension of financial income and other conditions of the individual's vital activity by sociodemographic group.

A subsistence minimum, computed according to the international methodology for each sociodemographic group, will comprise the basis for the model social safety net for the population. The sum total of such minimums comprises a market basket of more than 300 designated goods and services, including items of a social nature.

Expressed as a value, the minimum must correspond to the lowest level of expenses for a person's normal reproduction.

What is the market basket of the subsistence minimum? It is a selection of consumer goods and services that provides the individual with consumption at a socially acceptable minimum attainable level. The selection includes the food, clothing, shoes, linen, cultural supplies, items of sanitation and hygiene, medicines, expenses for cultural-educational activities, housing, living and communal services, transportation, recreation, child care, and other social needs without which an individual cannot get along. Since consumption of goods and services differs for each sociodemographic group, a market basket is calculated for each one separately—for children (five age groups), working women and men, pensioners, and urban and rural dwellers.

The principal item in the minimum market basket is food, which is selected according to recommendations from the Academy of Medical Sciences. The selection includes virtually all the essentials with respect to calories and chemical composition: meat, milk, eggs, fish, sugar, bread, groats, potatoes, vegetables, fruits, berries. Thus, for example, for an able-bodied man, the proposed selection provides for annual consumption of 64 kilograms of meat and meat products, 22 kilograms of fish, 312 kilograms of milk and milk products, 26 kilograms of sugar, 110 kilograms of potatoes, 135 kilograms of vegetables. Naturally, due to pensioners' physiological characteristics, their food consumption is envisaged as somewhat lower: meat and meat products, 51 kilograms; milk and milk products, 248 kilograms; sugar, 21 kilograms.

Expenditures for clothing, linens, and shoes occupy second place as a proportion of the minimum budget. In order to determine expenditures for their acquisition, a wardrobe of essential items of clothing, linens, and shoes was put together for each member of the family. The selections are based upon common-sense standards and reasonable extent of use, worked out in conjunction with competent scientific organizations. The calculation drew on prices for goods available in the government trade network. The market basket for a working-age man, for example, includes the following items: a winter and a light overcoat (seven years' use for each); a jacket; a suit (replaced every three years); pants; sweater; shirts (two a year); workclothes; underwear; gloves; scarf; fur cap; hat; boots and half-boots (two pairs of shoes a year); slippers; quilt; blanket; sheets; towels; handkerchiefs; sports outfit and other items.

The selection provides for the acquisition of durable goods: a television, refrigerator, radio, furniture, and so on, and expenditures for sociocultural needs.

The subsistence minimum differentiates according to region of the country, taking into consideration natural-climatic conditions and ethnic-cultural and economic factors.

In the proposed social safety net, the subsistence minimum is securely tied to the minimum wage, to which in turn are tied all pensions, subsidies, stipends, and other social outlays in the form of a percentage of the minimum wage.

If, for example, the market basket of goods and services got more expensive and under the new conditions cost 80 rubles a month, then the new subsistence minimum would be 80 rubles. Hence the minimum wage would be 80 rubles, the minimum pension 80 rubles, the subsidy for child care up to 1.5 years (100 per cent of the minimum wage) 80 rubles, the stipend for a VUZ (75 per cent of the minimum wage) 60 rubles.

In this way, revision of the minimum wage automatically triggers a revision of all forms of social outlays for the weak strata of the population.

It is extremely important that an effective mechanism be created for averting low-income status. The idea is that such a mechanism should provide an answer for at least three major problems: first of all, by supporting the socially justified nominal level (in rubles) of pensions, subsidies, and other payments; secondly, by maintaining the real purchasing power (the relation between prices and goods and services) of these payments; thirdly, by not allowing the relative impoverishment of subsidy recipients or a widening gap between the average pay in the economy and payments to the socially weak strata. In other words, the subsidies must increase proportionately to salaries.

The social safety net must possess a strong feedback circuit that is triggered automatically.

Such a mechanism is already being created.

The new pension legislation establishes that beginning 1 January 1991, the minimum old-age pension and the minimum social pension shall equal 100 and 50 per cent, respectively, of the minimum wage. The scale for calculating salary levels for the purpose of setting pensions is also based on the minimum wage—the first four minimums (right now that is 70 rubles \times 4 = 280 rubles) are taken at 100 per cent, each subsequent one with a reduction, and a salary over 10 minimum wages (700 rubles) does not count. For example. In places where rayon coefficients are in effect, the scale adapts to the coefficient. For example, in Murmansk, for calculating pensions they take not 10 but 14 minimum wages, or 980 rubles.

Proposals have been made for the establishment in 1991 of links between student stipends and the minimum wage.

In accordance with the resolution of the USSR Supreme Soviet "On urgent measures for improving the status of women, for safeguarding motherhood and childhood, and for strengthening the family," starting 1 January 1991, subsidies (for child care up to the age of 1.5 years; for a child under guardianship; for children of active

servicemen; for the education and upkeep of children of single mothers who are former teachers in children's homes) have been raised to the minimum wage, and the subsidy for child care to women with less than one year's seniority or who do not work—up to half of it.

Given this feedback circuit, when the minimum wage is revised (for example, from 70 to 80 rubles), all pensions, subsidies, and stipends increase automatically. The government has passed a resolution to continue this policy and to establish the same kind of link between the minimum wage and subsidies for families with many children and for low-income families.

In order to strengthen the social safety net for families with many children and incomplete and young families, to raise the standard of living for low-income families, it has been decided, starting 1 December 1990, to radically revise the entire system of subsidies for such families. In place of previous one-time subsidies for the birth of a child (which depended on the periodicity of birth) and of monthly subsidies for families with many children for the fourth and subsequent children up to the age of five (4-15 rubles), a uniform monthly family subsidy is being established for children from ages 1.5 to 6 years: 50 per cent of the minimum wage for each dependent child (right now, 35 rubles) and a one-time subsidy upon the birth of a child—three minimum wages (210 rubles).

These subsidies are proposed to be paid out as a minimum government material support for the family. Monthly subsidies for children between ages 1.5 and 6 years will be granted if the family's per capita income does not exceed twice the minimum wage.

The monthly government subsidy for single mothers (for each child up to age 16, and for students up to 18) and divorced men and women who do not receive child support or receive 20 rubles or less a month, the subsidy is being raised to 50 per cent of the minimum wage. The monthly subsidies paid out now for children up to age 12 in families with a per capita income of up to 50 (75) rubles is being retained as a norm for the republic level with the transfer of the corresponding sums from the union budget.

Such a resolution shall allow, even before the transition to market relations, for a large number of families with many children and incomplete and young families to be pulled up from the low-income category. For each child between ages 1.5 and 6 years the family will receive assistance from the state in the amount of no less than 420 rubles a year. Understandably, the more children of this age in the family, the greater the assistance. For residents of rayons and locales where salary coefficients have been established, the amount of the indicated subsidies for children shall be determined by the rayon coefficient in effect in the given locale.

Expenditures for these undertakings will total 10.5 billion rubles, which can be divided up between union,

republic, and local budgets in equal proportions, since, according to the new law, income taxes will go into local budgets.

Each republic and local soviet, considering its own special features, has every opportunity to work out supplementary assistance programs for low-income and non-able-bodied citizens and thereby broadly implement diverse forms of social support—financial supplements, benefit credits, subsidies for acquiring specific types of foods and nonfood items, payments for housing and communal services and the purchase of medicines, in-kind issue of specific goods.

There is a proposal to pay subsistence subsidies as a special form of material support for low-income and non-able-bodied citizens. The local soviets can apply this type of subsidy as a measure of material support for a family or a citizen, in each instance determining individually the causes, level, and term of need.

In the transition to market relations and under the new price formation procedures, there will be additional need to protect the standard of living of families with children. Clearly it follows that a transition should be made from grants to producers of goods for children as well as children's books and texts to grants to consumers for the purchase of such goods. It would make sense starting 1 January 1991, to cancel grants to enterprises for the production of goods for children and direct all the means freed up in the process (about 4 billion rubles) to differentiated compensational outlays for families with children.

Families with children, especially families with many children, could only profit from such an undertaking, for children's goods would no longer be unprofitable to produce, consequently interest in their production would rise and they would once again show up in stores. At the same time it must not be forgotten that today about 40 per cent of children's goods are bought by the adult population (the size fits and the price is lower), whereas up to 20 per cent of children (adolescents), on the contrary, are forced to buy adult goods, since handsome, modern children's goods simply do not exist, and this imposes an additional financial burden on families. The rise in prices will undoubtedly alter the structure of demand and increase the offering of such goods.

VII. Protecting the Population's Purchasing Power

In the transition to a market economy, the problem of compensating the population for additional expenses due to inflation is especially acute.

For a long time, the country has had a policy of retail price stabilization and strict government regulation. The gap between the cost price and retail price of many mass consumer goods, above all food, has been bridged by grants from the state budget. In this way, the state's pricing policy, in full accord with the centralized approach to economic and social administration, has safeguarded the population's standard of living.

Now the situation has undergone a cardinal change. The market mechanism precludes artificial support for stable prices. Retail prices for goods and services must be brought into alignment with socially necessary expenditures for production, the correlation between demand and supply. Moreover, given the broad application of contractual and freely set prices, consumer market shortages will inevitably fuel inflation. All this necessitates a safety net for the population's purchasing power.

If inflation cannot be avoided, then it is possible to learn to live under such conditions by creating a mechanism to protect adequately against its negative consequences. One important protective measure is the transition from subsidized prices to subsidized personal income. The choice of concrete forms and methods of compensation to the population for losses due to price revision and inflation depends on the dynamics and scale of this inflation. There are three possible scenarios for altering retail prices:

First, an unregulated transition to prices of "demand and supply," which given our half-ruined consumer market will mean a spontaneous rise in prices and, consequently, large-scale, uncontrolled inflation. According to calculations, in the first one to two years inflation would be 100-200 per cent annually. Then the situation would stabilize, the rate of inflation would fall, and even a slight lowering of prices for consumer goods is possible;

Second, transition to free prices in conjunction with the creation of some essential preconditions (bringing the structure of industry into alignment with social requirements, saturating the consumer market, eliminating monopolies). Inflation would run about 25-40 per cent a year in the first two to four years in this case;

Third, a one-time, organized revision of state retail prices with the goal of bringing them into alignment with socially necessary expenditures on production and balancing out demand and supply. In the subsequent transition to free prices after their one-time revision inflation might reach 5-8 per cent a year over the next two to three years.

No one as yet has been able to formulate a reliable and effective mechanism to protect the population's purchasing power given uncontrolled, spontaneous inflation (the first scenario). It would be extremely difficult, although possible, to equilibrate real income in the second scenario. But bear in mind that the achievement of balanced prices in this scenario could take many years. Is it, in fact, possible to achieve a balance quickly given the existing level of shortages in the market and of monopolies in production? Hardly. In other words, in the first and second scenarios there is no firm assurance that a decline in the standard of living could be averted for the basic mass of the population or that a significant proportion of families, especially workers in the budgetary branches, could be kept from falling into the low-income category. At the same time, it is clear that, at the other

end of the spectrum, certain, albeit relatively few categories of individuals would appear with super-high incomes, which could lead to the substantial burgeoning of social conflicts.

The third scenario is the most preferable. In it the rise in prices is not only regulated but conditions are created for the simultaneous and steady increase of all incomes in the population. In the process, average prices and average incomes should grow simultaneously and in approximately identical proportions. In other words, what is essential is not a simple rise in prices but a coordinated alteration in the scale of prices, salaries, pensions, subsidies, other income, and savings. This holds true especially for agriculture. Low purchase and retail prices for food products, given the increase in cost price of production, lead to a progressive rise in the unprofitability of producing as well as processing agricultural products. Retaining current prices for agriculture production means, apart from a budget deficit, abandoning all hope for pay rises in this sphere, which would decisively devalue labor in agriculture and the processing branches.

A one-time alteration of prices and the amounts of incomes and savings (rescaling) would have virtually no impact on the interests of the basic mass of citizens, but in the social sphere it would make it possible to resolve three prominent and extraordinarily complicated problems: raising the cost of manpower by bringing salaries into alignment with modern requirements and creating an interest in speeding up scientific-technical progress; placing the transition to the proposed new model for a social safety net and the increased role in it of person income on a sound footing; strengthening social justice in the area of consumption.

The chief aim in revising prices must be achieving balance in the social sphere rather than a budget gain. Also important is that, in the one-time centralized revision of retail prices (third scenario) a foundation be created quickly enough for openness in the economy, the integration of the Soviet economy into the world economy.

This does not mean, naturally, that we should forget the substantial regional, social, and gender differentiation that exists in the volumes and structure of consumption and the implicit real losses to them from the revision of prices. This is conditioned by the magnitude of the income received, the makeup of the family, residence in the countryside or town, in the South or the North. No matter what the form of compensation, it is practically impossible to ensure exact recompense for the individual losses of each concrete family, to say nothing of each individual. In any event, it is impossible to avoid a certain redistribution of income between specific groups of the population and regions of the country.

Given these conditions, the basic task of the system's social safety net is to minimize the numbers of families and individuals whose real income declines and to provide for some gain to the lower-earning and socially

weak groups of the population. Additional funds are necessary to ensure such a gain. As is well known, the state budget is short of funds. Increasing the budget deficit and the state debt under current conditions would be tantamount to society committing slow suicide. Truly additional funds can be obtained through a redistribution of emphasis in the transition to the market in favor of society's weak strata. It is for this reason that, whatever the scenario, it would be socially justified not to compensate for changes in prices for luxury items and delicacies but to redistribute the funds additionally derived thereby in favor of the non-able-bodied and low-income worker categories, above all, workers in the budgetary branches.

For society's non-able-bodied members (pensioners, invalids, children) and workers in budgetary organizations, all expenditures for compensated undertakings, both in the one-time revision of prices and in any subsequent revisions, must be wholly realized out of funds from the state budget. Hired workers in enterprises based on cost accounting will be compensated for the one-time price revision out of the state budget; however, they must cover ongoing inflation out of their income from those enterprises.

It is proposed to differentiate the amounts of compensational payments according to sociodemographic group—workers, pensioners, children, and other dependents.

In the one-time revision of retail prices, a more logical method for compensating workers and employees might be a proportional increase in salary levels. Such an approach is socially justified. It closely links the amounts of compensations to workers' qualifications and labor contribution, to individual losses due to raised prices, and protects the purchasing power of the salaries of workers involved in hard physical labor, employed in hazardous production and in subterranean work, as well as workers and employees residing in locales where rayon coefficients have been set.

This principle must be supplemented by the establishment for workers and employees of uniform guaranteed amounts of compensation in absolute terms (for example, pay rises of 15 per cent, but in any case no less than 40 rubles a month).

With respect to the non-able-bodied and dependents, for them it makes sense to set compensation in absolute terms, taking into account their real losses from the revision of prices. In this manner, in a one-time revision of prices, salaries, pensions, and other payments, it is entirely possible to ensure reliable protection for the interests of the population's various strata and groups and to keep the purchasing power of their incomes, as well as their consumption level of the basic products of food and mass consumer goods, from declining.

Inflation, even relatively low inflation, requires the creation of a special indexation mechanism (percentage increase) for citizens' current personal incomes (salaries,

pensions, subsidies). It is proposed to carry out this increase by calculating the index of growth in retail prices for the goods and services that go into the market basket. This way the larger part of the population will not experience serious difficulties.

The state will establish a lower limit for salary and subsidy increases as a protective measure for the population.

A percentage increase in current monetary income over and above the government-guaranteed minimum level can be established individually by the union and autonomous republics and the local organs of power out of their own budgets and by enterprises on the basis of collective agreements and drawing on their own income.

It is extremely important to index not only workers' current monetary income but also the population's savings in Sberbank [Savings Bank] and insurance payments in the Gosstrakh [State Insurance] system. The plan is to bring about ongoing indexation for savings by increasing the percentages according to the contributions and indexation of insurance payments already made. In the one-time rescaling of prices and incomes, there will also be an increase in contributions to all accounts opened three to five months before the rise in prices, regardless of the sums involved.

VIII. Special Protective Measures for Invalids

In all states, including ours, there are always people with defects of some kind who require special social protection, direct material assistance, patronage, and a guarantee that their rights will be respected. Under the conditions of a market economy, many of them, due to social and physical barriers, are deprived of the opportunity to maintain their standard of living on a level with other citizens.

This problem has two aspects. On one hand, society needs to be protected from a steady rise in the number of invalids, which can be done by improving working and living conditions as well as treatment; and on the other, it needs to protect the specific interests of invalids in society and reliably guarantee their rights to assistance.

According to international organizations, the proportion of invalids in the world population comes to 10 per cent. In the USSR annually more than 1 million people become invalids. These are invalids from childhood, invalids with general or professional illnesses, and invalids who have been maimed either on the job or in the course of daily life. In the country the number of pensioners due to invalidism is 7.6 million. Until now, government policy on invalids has been built primarily on a charitable-compensational basis, i.e., the government has made monetary payments (pensions and subsidies), and much less attention has been paid to invalids' specific needs. In the conduct of government policy in virtually all spheres of human activity, invalids' specific requirements have scarcely been considered at

all, and they have not been helped to integrate themselves into society. The low level of rehabilitational work has enabled only 5 per cent of invalids to return to work. This is significantly lower than in the developed countries of the world.

The draft law in preparation "On the basis for social protection of invalids in the USSR," to be introduced at the fall session of the USSR Supreme Soviet, envisages qualitatively new approaches to the resolution of invalids' problems. The basic provisions of the law lay a legal foundation for:

- measures to prevent invalidism, a broad range of measures to safeguard people's health, including improving the environment, creating safe and healthy working conditions, and averting all types of trauma;
- perestroika of the system of medical, sociopsychological, and labor rehabilitation, which will make it possible to reduce and sometimes even eliminate the consequences of illness and trauma and to facilitate the invalid's adaptation in society;
- equal opportunities for invalids to a professional education, labor activity, participation in public-political life;
- formation of an effective mechanism of interaction between union, republic, and local organs and labor collectives, between governmental and public organizations in the care of invalids.

Invalids must receive precise legal guarantees enforced by appropriate legislative acts of the USSR and union republics. The law should contain measures that create the conditions for minimizing restrictions on invalids' vital activities.

Much attention has been paid to social guarantees to prevent invalidism. Government programs in ecology, health care, reduction of hard, hazardous, and dangerous jobs shall be implemented.

A special role shall be assigned to a uniform government system for invalids' rehabilitation—medical, social, and professional—now in preparation.

The creation of the system envisages:

The development of a clinic system in the medical service. The network of diagnostic and specialized medical centers will be expanded to prevent the chronic form of diseases and forestall or at least significantly lessen the severity of invalidism. A network of specialized sanatoria and rehabilitation departments is being created, and new, highly effective methods of restorative therapy are being introduced.

Medical rehabilitation involves guaranteeing invalids all types of medical assistance, in outpatient departments and clinics, in the home, in in-patient settings, and in specialized medical centers. A special clinic system is

contemplated for the first two to three years of invalidism in order to achieve maximum restoration of able-bodiedness.

The final stage of rehabilitation is **the invalid's return to professional labor**. Now under development are individual rehabilitation programs whose scope and forms will be predetermined by invalids' requirements for job orientation and training, retraining, and job placement.

Job placement for invalids in enterprises must depend on their state of health. In this they are guaranteed an income no lower than for healthy workers with analogous professions and qualifications.

Invalids' employment is ensured by the creation of special "protected" jobs in normal enterprises; the development of a network of specialized units, shops, and enterprises (including those belonging to invalid societies), which will be coupled with medical rehabilitation services; job placement for invalids with a shortened workday or week, additional breaks, flexible schedules, and so forth. Local soviets shall have the right to establish invalid job quotas for enterprises, and in the event that they are not filled, to impose fines large enough to create special jobs in other enterprises.

Invalids are granted priority in at-home social-living assistance. Services in the home respond to invalids' interests and preserve their ability to take care of themselves and maintain contact with their accustomed surroundings.

Nursing homes for in-patient support of invalids and elderly citizens are oriented around providing assistance to individuals incapable of self-care and around their medical rehabilitation.

Invalids' interests are legally protected in the construction of residential and public buildings and the production of automobiles and public transport, and the construction both of special housing with a range of rehabilitational and social-living services and of territorial social assistance centers is expanding. These will offer an entire range of social-living services in an in-patient setting and in the home.

A network of nursing homes is being created for special categories of invalids and elderly citizens where they can reside temporarily or permanently and receive the assistance they need for a moderate sum.

Most needy of society's protection are child-invalids. The best conditions for them involve living and growing up in the family, for which guarantees of all-around support for the parents (guardians) of these children have been provided. In order to integrate such children into society when they reach adulthood, and according to their ability to live independently outside a home, they are guaranteed housing and a job.

In order to improve the material security of invalids and their families, the idea is to increase monetary payments and provide more in-kind services and benefits. As of 1

January 1991, government-guaranteed monetary payments for the support of a child-invalid or the pension of a life-long invalid will be no lower than the subsistence minimum, and in-kind and other benefits for the families of invalids, for parents or other individuals replacing them, will enable the organization of care and rehabilitation of invalids, especially children. Special benefits are envisaged for invalids in the areas of taxation, transportation, communal-living services, housing, and provision of medicine.

The most serious attention has been allotted prosthetic-orthopedic assistance for invalids. With the transfer in 1990 of the basic enterprises producing prostheses to the USSR Ministry of General Machinery Building, the construction of a modern industry is already under way. It is being supplied with high quality raw materials and modern construction materials and instrumentation. At the present time the social protection organs are totally reorganizing prosthesis services, developing a system of at-home services for invalids, completing a search and count of individuals in need of prostheses, and introducing new methods of postsurgical restorative treatment.

Proposals have been prepared for creating new approaches to the organization of general education and job training for invalids that takes into account their individual characteristics, age, and severity of invalidism. Particular significance is ascribed to improving the education of child-invalids. Most of the measures proposed are expected to be implemented in 1991.

IX. The System's Resource Base

Implementing the majority of social guarantees at a modern level requires the allocation of substantial additional funds from Gosbyudzhet [the State Budget Committee]. Therefore a high level of social protection is possible only if there is a speed-up in the rate of growth in the gross product and national income and uneven growth in the production of food, goods, and services. Only on this basis, assuming the simultaneous purposeful redistribution of income in favor of consumption, can social production and investment policy be reoriented toward the social needs of an economy of social well being.

The economic guarantee of the stability of the social safety net is a substantial proportion of the increase in national income being directed at raising the standard of living. Such a policy is already taking shape in the current five-year period. In 1990, the proportion of the national income directed toward consumption and non-productive construction is 86 per cent, as opposed to 80.9 per cent in 1985. According to preliminary estimates, in the next five-year period the proportion of national income directed toward consumption and non-productive construction will reach 90 per cent (1995), i. e., virtually the maximum.

The level of financing approved by the Congress of People's Deputies for 1991-1995 for additional centralized undertakings to raise the standard of living (57.4 billion rubles) is double present-day expenditures (26.5 billion rubles). At the same time, preliminary measures have already been passed requiring a substantial increase in funds for social purposes (the Law on Pensions alone took an additional 47 billion rubles). These additional expenditures (approximately 35-40 billion rubles) cannot be financed solely out of the union budget.

All this dictates the urgent need for active cooperation at all budget levels. The tax legislation passed substantially redistributes funds in favor of republic and local budgets. Therefore the financing as well of most of the social safety set must to a large extent be carried out at the level of the union republics and the regions. The function of the union budget, acting as a guarantor, consists chiefly in grants supporting the government's minimum guarantees.

X. The Legal Basis for Constructing a Social Safety Net

In the program for the transition to regulated market relations, the social safety net must be reinforced by both union and republic government documents. In particular, for real social protection before the transition to the market, certain legislative and normative acts must be prepared and passed:

- on employment in the USSR (introduced to the USSR Supreme Soviet);
- on a fund for job training and assistance for the unemployed (to be passed by the USSR Council of Ministers and the AUCCTU in September of this year);
- on the organization of paid public works (to be passed by the USSR Council of Ministers in September of this year);
- on a government jobs program for 1991 (to be introduced to the USSR Supreme Soviet simultaneously with a draft plan);
- on the creation and development of a system of job training and retraining for the unemployed (to be passed by the USSR Council of Ministers in October of this year);
- on social protection for low-income citizens (partially passed by the USSR Council of Ministers; to be introduced to the USSR Supreme Soviet in October of this year);
- on social protection for invalids (to be introduced to the USSR Supreme Soviet in August of this year);
- on indexation of income and social support (to be introduced to the USSR Supreme Soviet in September of this year);

- on social protection for workers during the defense industry conversion (passed by the USSR Council of Ministers and the AUCCTU);
- on government guarantees in the area of labor remuneration (to be passed by the USSR Council of Ministers and the AUCCTU in September of this year);
- on a pension fund (to be passed by the USSR Council of Ministers and the AUCCTU in August of this year);
- on a government commission on working conditions (to be passed by the USSR Council of Ministers in August of this year);
- on a government job service (to be passed by the USSR Council of Ministers in August of this year);
- on a minimum consumption budget (to be introduced to the USSR Supreme Soviet in September of this year);
- on collective bargaining procedures (to be passed by the USSR Council of Ministers and the AUCCTU in September of this year);
- on introducing changes in labor and labor collective legislation (to be introduced to the USSR Supreme Soviet in August of this year);
- new foundations for the labor legislation of the USSR and the union republics (to be introduced to the USSR Supreme Soviet in October of this year);
- on approaching deadlines for introducing new conditions for labor remuneration for workers' health care, social security, education, and culture (passed by the USSR Council of Ministers);
- on rayon regulation of stipends for graduate students, college students, and students in trade and vocational schools (to be passed by the USSR Council of Ministers in September of this year);
- on improving the material status of former servicemen and other individuals belonging to the limited contingent of Soviet forces in Afghanistan, as well as families of deceased servicemen (part will be covered by a resolution of the USSR Council of Ministers in August of this year; a government program will be introduced to the USSR Supreme Soviet in September of this year);
- on the forced migration of the population (to be introduced to the USSR Supreme Soviet in September of this year);
- on safeguarding the population's payments and other savings (to be passed by the USSR Council of Ministers in September of this year);
- moreover, the republics must pass documents that detail and supplement the union's.

Virtually all the legal acts passed take into consideration the interests of the social sphere and do not contradict the fundamental principles of social policy. The whole logic of modern economic and political processes testifies to the fact that it is no longer possible to put off complex, global transformations in the social sphere, substituting partial measures. The loss of social guarantees is very dangerous. Well thought out reform of distributive relations is a direct step toward society's further development. Public support for the decisions passed has become a principal condition for all transformations.

Shcherbakov Interview Remarks

904F0235C Moscow *EKONOMIKA I ZHIZN* in
Russian No 32, Aug 90 pp 10-11

[Interview with V. I. Shcherbakov by Ye. Babak: "Rules Without Exceptions"]

[Text] We go to school for free. We receive a stipend in trade school or institute. Upon graduation we must be offered a job. And just let the director of an organization try to fire a young specialist! It won't work, the law won't allow it.

The right to work, to free education and health care, stable food prices—for decades these social guarantees have provided us with a certain vital stability and have seemed utterly natural. But the transition to the market threatens to destroy them. Recently a group of specialists worked out the concept of a social safety net. Its basic provisions must be realized in appropriate laws. The concept has been submitted to the government for examination. This is a solid document, it will take time to discuss it and put it in final form.

Today our weekly's questions are answered by the director of an author's collective, a doctor of economic sciences, the chairman of USSR Goskomtrud, Vladimir Ivanovich Shcherbakov.

[*EKONOMIKA I ZHIZN*] Vladimir Ivanovich, under market conditions, will the working man's salary be guaranteed?

[Shcherbakov] Most likely workers in state enterprises will be guaranteed a minimum wage for carrying out a specific amount of work, taking into account difficulty. In general, concern for the man of labor should be manifested in giving him the opportunity to maintain a high standard of living through honest work. Up until now we have had an economic mechanism as well as laws in the sphere of labor relations that have not allowed people to express themselves fully. Simultaneously, the same procedures have not prevented enterprising wheeler-dealers from living on unearned income. This distortion can be eliminated only through a complex of economic, legal, and social measures, including salary reform.

[EKONOMIKA I ZHIZN] When will salary hikes be effected in the nonproductive branches?

[Shcherbakov] In 1991, not 1994, as was previously assumed. Rates will be reviewed for workers in culture, the fitness-health fields, as well as a few other branches. As we know, in the productive and the majority of nonproductive branches an analogous measure has already gone into effect. All this makes it possible to even out the starting level of tariff rates and job assessments according to economic branch before the transition to the market, taking into account the complexity of the job and working conditions.

The measures that have been carried out are directed at significantly raising the cost of manpower. Cheap labor is one of the causes for our stagnation in scientific-technical progress: in production it is more profitable to hold onto surplus workers than to mechanize.

[EKONOMIKA I ZHIZN] Why do you insist on maintaining the tariff system?

[Shcherbakov] A minimal tariff rate is a way to guarantee minimum incomes for workers in state enterprises. More than likely the minimum tariff will be differentiated according to economic branch and region of the country. But in no case shall it be lower than the subsistence minimum and it will be reexamined accordingly with changes in that minimum.

Generally speaking, it is not worthwhile to stipulate the size of the remaining tariffs from the top. It is sufficient to limit ourselves to a mere affirmation of inter-rating coefficients, that is, to determining how much higher each rate should be than the preceding one. But inter-rating coefficients are, in my opinion, necessary. Rejecting them could lead to leveling.

The enterprise will have the right to increase the first-class rate independently—depending on its earned resources—without restriction. Tariffs for the subsequent ratings will rise proportionately, that is, the tariff system will not act as an inhibitor, as it does nowadays, but will be like a norm determining the minimum government-guaranteed level of labor remuneration for fulfilling the duties imposed upon the worker and with consideration for his qualifications.

Plus, as is evident from the new law "On Enterprises in the USSR," it will be transformed from a requirement to a recommendation. It is another matter whether it is worthwhile to sharply reject the salary guidelines that have been in use so many years. As practice demonstrates, even in many cooperatives there is a preference for holding somewhat to the state tariff system, although they have the right to establish independently all conditions of labor remuneration. By the way, the majority of the developed countries have tariffs.

[EKONOMIKA I ZHIZN] But in all instances, it works out, the labor collective's responsibility for a fair distribution of salaries is growing stronger. . . .

[Shcherbakov] These issues must be stipulated in the agreements between the collective and the administration. For now the relationship to it is formal, "facilitated" if I can put it that way. At many meetings where conclusions are drawn about the fulfillment of the collective agreement, the discussion is more about cafeterias and special clothing. This too, of course, is real. But in the future the role of agreements will increase sharply. They will cover a wide range of productive and labor relations, including certain questions that up till now have been regulated by normative government acts: statutes on all forms of stimuli, the distribution of income from cost accounting [khozraschet], and so forth. Can you imagine what kind of responsibility rests on each member of the collective?

[EKONOMIKA I ZHIZN] At a recent press conference you replied that inflation must become an additional factor in the growth of labor productivity. What do you mean by that?

[Shcherbakov] There are various scenarios for how to compensate the population for the rise in prices. With respect to workers, right now everyone is coming to the conclusion that the best is to have a one-time revision of prices and raise salaries proportionately, and, consequently, the labor remuneration fund of the enterprises. The bigger the fund, the higher the compensation. This means money must be earned, that is, labor productivity must be raised. We are endlessly calling for a struggle against inflation, whereas it should be utilized as a stimulating factor.

[EKONOMIKA I ZHIZN] Unemployment is recognized as inevitable under market conditions. However, specialists have a different attitude toward it. A large group of economists feels that unemployment is an essential condition for the economy's efficiency. In their opinion, it is more profitable for society to keep the temporarily unemployed in public production than to create jobs for them. Do you agree with this kind of approach?

[Shcherbakov] Absolutely not. I think that the Soviet government must provide all able-bodied citizens the right to work and a job. It is another matter that with the transition to a market economy the principle of full employment and government guarantees in this sphere will require a different approach and a new fulfillment, the elaboration of an entire set of legal, economic, and social measures to facilitate reliable protection against unemployment for each person.

With the transition to the market the first concern is changing the structure of employment. The demand for some professions will fall and for others rise. Thus, we are going to see a sharp curtailment in major investments, a freeze for some time of the "construction of the century." Some builders will lose their jobs. About half of all our enterprises are either marginally profitable or unprofitable. In the transition to market conditions they will inevitably wind up on the brink of bankruptcy or

else ruined altogether. Meanwhile, in them are concentrated about half of the workers in industry. If nothing is done beforehand, they could be left out in the cold. It is proposed that some of the currently active plants and factories be reprofiled for modern production. But they too are still going to have to stop for the time being, at which time the workers from these plants and factories could be without work for some time.

Therefore the government believes it is essential to bring about the transition to the market by stages. In the beginning, the idea is to maintain support for at least some unprofitable enterprises. Then, according to our calculations, 4-5 million people will be dismissed. But just for the second and third shifts alone we are lacking 7.5 million workers. Add to this the large number of vacant jobs in ongoing enterprises and the total backwardness of the service sector, which will require an enormous number of people. No, mass unemployment is not a threat for us.

At the same time, a substantial portion of dismissed workers will have to go back to school and retrain to acquire a profession that society needs today. Naturally, this will require organizing wide-scale professional training and retraining for people and guaranteeing them a definite level of income and social guarantees at government expense.

And still we are envisaging the possibility of unemployment for a relatively small category of the able-bodied population as an exceptional phenomenon. These are those people whom the government for one reason or another cannot actually offer a job. For the job placement period the idea is to pay them subsidies. The question of the conditions and amounts of the payment of such a subsidy is being examined in the most thorough way possible. This requires a well-rounded and balanced approach. On the other hand, we cannot allow a sharp decline in the material status of people who not of their own will have found themselves out of work for a time; on the other, receipt of a subsidy should not engender dependent attitudes, the inclination to refuse socially useful work.

The uppermost task of USSR Goskomtrud is to correctly evaluate and predict the processes taking place in the labor market: which professions will be needed in half a year, a year, and so on, to work out legislative, economic, and organizational measures to avert unemployment.

[EKONOMIKA I ZHIZN] Will we have a job exchange?

[Shcherbakov] We already do, in Moscow, Glazov.

[EKONOMIKA I ZHIZN] What exactly is this kind of an exchange under our conditions?

[Shcherbakov] Naturally, it is not an exchange in the old understanding, where the unemployed registered and jobs were found for them. Now this will be an employment center, which will be wholly responsible for

training and retraining personnel, professional orientation, and job placement for the population. If necessary, it will also organize public works. In short, it will coordinate the regulation of all processes related to employment in the corresponding territory. It is here that permission for unemployment subsidies will be granted. The chief obligation of these centers is to help people find work in another sector while incurring the least possible losses for themselves and for society as a whole.

Naturally, a branch network of such centers is needed, manned by highly qualified specialists and equipped with modern technology. As yet we do not have such a network, but one must be created very soon.

[EKONOMIKA I ZHIZN] Right now much is being said about regional unemployment. What measures are being taken to eliminate it?

[Shcherbakov] This is not, strictly speaking, a matter of unemployment. The fact is that no statistical count of unemployed is being made, but there are millions among us who are not employed in public production. Strictly speaking, though, not all of them should be called to the shop floor. Among them are many mothers, there are people working in the domestic and private subsidiary economy. It is unlikely that this kind of regional unemployment is going to increase in the next few years. After all, the role of the local soviets in the development of the regions is growing sharply, and they, it must be supposed, will be able to take the needs of their electorates into account. To resolve the problems of job placement in Central Asia what is needed is not to develop powerful chemical industries or other industrial giants but above all small enterprises to process local raw materials, traditional national trades, and so on. This does not require enormous capital investments and could be done relatively quickly.

[EKONOMIKA I ZHIZN] Is it true that you support fee-based education and health care?

[Shcherbakov] Are you satisfied with the quality of our free medical treatment and study? It is no secret for anyone that these spheres are now in the most pitiful condition. The reasons behind this situation are not only the now criticized remainder principle of allocating means for social goals, but the leveling and virtually completely free offering of many goods and services. We need a qualitatively new approach to creating and utilizing funds for the maintenance and development of the sociocultural sectors.

In principle I am in favor of a sensible combination of fee-based and free provision of the most important social goods and services. Each person, at least at the current stage, must be guaranteed a certain level of consumption of these services free of charge, and not only in health care and education but in most other branches of the sociocultural sector. This guaranteed level should be determined on the basis of scientifically grounded social norms and considered a kind of minimum. Everything

above that should be paid for: for able-bodied citizens, at the expense of their own incomes and their enterprises collective funds; and for the non-able-bodied, especially low-income groups of the population, at the expense of republic and local budgets.

In the future, as workers' incomes rise, the proportion of fee-based services should logically increase gradually, not in exchange for existing free services, but in addition to them. This would permit a sharp rise in the quality of services offered and would reorient public use funds to the development of branches and spheres of activity that facilitate the growth of society's spiritual and intellectual potential.

Of course, each city or rayon will have its own free clinics or hospitals. Additional procedures or, for example, higher quality nourishment, could offered be in fee-based clinics. Finally, people would have a choice. Moreover, we need to think through the various forms of payment—treatment for pensioners could be paid for by the organs of social protection and for workers by the enterprises.

Along with the free general education schools, a system of fee-based colleges and lyceums could be created. I think there would be plenty who would want to study there. Many VUZ teachers feel that if students had to pay for their education they would study more conscientiously. There is probably some sense in this. Naturally, children from low-income families would receive benefits.

In general, I am in favor of including most services that we now receive at the expense of public use funds in the sphere of partial self-financing. This stimulates more productive labor and allows the individual to spend the money he earns purposefully—on whatever he considers necessary, which will, in turn, create a market for services.

Why do we have cheap manpower? Among other things, because our concept of salary still derives from the idea that the individual satisfies many of his social needs through public use funds. How little there is to be obtained from them is, I think, something everyone feels. Is there any point, then, in continuing this practice?

[EKONOMIKA I ZHIZN] What benefits are envisaged for families with many children, many of whom now live below the poverty line?

[Shcherbakov] I think we need to talk about government support for all families with children without exception. For these purposes it would follow to reexamine the current system of government subsidies for those families, and work in this direction is already under way.

In accordance with the resolution of the USSR Supreme Soviet "On urgent measures to improve the status of women, to safeguard motherhood and childhood, and to strengthen the family," starting the beginning of next year, subsidies for child care up to the age of one and a half and subsidies for children of active servicemen will increase substantially.

Proposals are being worked out for the further strengthening of social support for families with children. It is planned, for example, to introduce a uniform monthly subsidy for children up to the age of six, for families with low per capita income, and pay it regardless of whether it's the family's first child or tenth.

With respect to families with many children, there are 16 types of subsidies. Some of them were introduced in the 1940s. However, all of them do not render families any substantial assistance. All the money that is now allocated for government assistance to families with children and that will be allocated in the future should be concentrated and on that basis a uniform system of solid subsidies introduced.

We are used to taking pride in the low cost of our children's goods, for which the government allocates encouraging grants for their production. But lately the prices for children's goods have risen as quickly as those for adults. I tried to talk with a few light industrial enterprises: What happened to the grants? They don't know. Better to take the grants away from the enterprises and give them directly to the families. According to our calculations the amount comes to about 6 billion rubles a year. You will agree, this is serious assistance. It will be profitable for enterprises to put out goods at normal prices, and there will be more goods. Today, as much as 40 per cent of children's clothing and shoes is bought by adults. Why not economize if it fits?

It would be good to supplement monetary payments to families with many children with benefits of an in-kind nature, so to speak. To introduce a procedure for the sale of some minimum of goods at a discount, and maybe even free of charge. Local soviets could pay for children from low-income families to study in sections and study groups.

We have to create a social safety net that takes care of all our citizens without exception.

Distribution of Families with Various Levels of Total Per Capita Income by Family Size

(Based on materials from a one-time selective study of 620,000 families in March 1989, in percentages)

| (Based on families with a one-time selective study of 620,000 families in March 1967, in percentages) | | | | | | | | |
|---|-------|---|--------|---------|---------|---------|---------|----------|
| | Total | Of those with a total per capita monthly income, rubles | | | | | | |
| | | Under 75 | 75-100 | 100-125 | 125-150 | 150-175 | 175-200 | Over 200 |
| Workers and Employees | | | | | | | | |
| All families and single people | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Single people | 9.3 | 0.9 | 2.8 | 3.6 | 6.3 | 9.1 | 13.8 | 24.9 |
| Families of 2 | 18.5 | 5.4 | 8.4 | 11.0 | 15.4 | 21.9 | 28.4 | 36.0 |
| Families of 3 | 26.0 | 13.7 | 19.3 | 25.8 | 31.9 | 33.8 | 32.7 | 25.0 |
| Families of 4 | 28.0 | 28.4 | 40.6 | 39.5 | 31.7 | 24.9 | 18.5 | 11.1 |
| Families of 5 | 10.2 | 20.3 | 16.6 | 12.6 | 9.7 | 7.3 | 5.0 | 2.3 |
| Families of 6 | 4.3 | 12.4 | 7.0 | 5.0 | 3.5 | 2.2 | 1.3 | 0.6 |
| Families of 7 | 2.2 | 9.6 | 3.5 | 1.8 | 1.2 | 0.6 | 0.3 | 0.1 |
| Families of 8 | 0.6 | 3.2 | 0.8 | 0.4 | 0.2 | 0.1 | — | — |
| Families of 9 and more | 0.9 | 6.1 | 1.0 | 0.3 | 0.1 | 0.1 | — | — |
| Kolkhoz Workers | | | | | | | | |
| All families and single people | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 |
| Single people | 5.0 | 0.9 | 2.2 | 3.7 | 5.9 | 9.8 | 12.6 | 19.0 |
| Families of 2 | 21.5 | 3.2 | 11.7 | 21.1 | 33.2 | 42.6 | 50.0 | 55.6 |
| Families of 3 | 19.4 | 8.9 | 19.4 | 26.9 | 29.2 | 27.5 | 24.7 | 18.0 |
| Families of 4 | 21.1 | 20.5 | 30.7 | 27.4 | 19.5 | 13.5 | 8.9 | 5.5 |
| Families of 5 | 13.5 | 20.0 | 19.4 | 12.6 | 8.0 | 4.6 | 2.7 | 1.4 |
| Families of 6 | 8.1 | 15.7 | 9.5 | 5.6 | 2.9 | 1.3 | 0.9 | 0.4 |
| Families of 7 | 5.8 | 14.1 | 5.0 | 2.1 | 1.0 | 0.5 | 0.2 | 0.1 |
| Families of 8 | 1.9 | 5.5 | 0.9 | 0.3 | 0.2 | 0.1 | — | — |
| Families of 9 and more | 3.7 | 11.2 | 1.2 | 0.3 | 0.1 | 0.1 | — | — |

Goskomtrud, AUCCTU Accord Raises Pay For Teachers

Details of 'Decree'

904F0185A Moscow UCHITELSKAYA GAZETA in Russian No 22, May 90 p 2

[Unattributed report: "On Additional Measures for Improving the Material Status of Public Education Workers"]

[Text] USSR Goskomtrud [State Committee for Labor and Social Problems] and the Secretariat of the AUCCTU [All-Union Central Council of Trade Unions] have adopted the decree entitled "Improvement in the Organization of Wages and the Introduction of New Wage Rates and Official Salaries for Workers at Public Education Institutions." The decree calls for the establishment of new wage and salary amounts for certain categories of specialists and office and manual workers associated with the servicing of buildings, installations and equipment and the cleaning of facilities, kitchen

workers, assistant managers in charge of facilities and engineering and technical personnel.

More than 4.5 billion rubles will be expended for raising wages. The conversion over to the new wage conditions will affect more than four million workers attached to public education institutions.

The decree calls for a substantial improvement in the training conditions at children's pre-school institutions. A new system for filling out groups is being introduced: up to one year in age—10 individuals, from one to three years—15 individuals, and more than three years of age—20 individuals. The plans call for an increase in wages for workers at pre-school institutions.

Thus, wage rates in amounts ranging from 110 to 160 rubles per month are being established for teachers without taking into account their education or length of teaching service. In addition, an additional payment of 30 rubles monthly is being paid to them for work carried out with parents in the training of children.

An official salary of 90-100 rubles monthly and an additional payment of 30 rubles monthly for the direct carrying out of educational functions during the course of their work are being established for assistant teachers. A similar type of additional payment (for adding on to the present salaries) is also being established for assistant nurses (nurses).

In conformity with the existing plans, the wage rates and official salaries can be established in keeping with the available wage fund and in the absence of observance of the average salaries.

The plans call for the formation of official schedules for children's pre-school institutions and the allocation of funds for wages, based upon new maximum limits for children's groups. This will make it possible to determine the number of teachers and assistant teachers (junior nurses, nurses) in a pre-school institution, not by group but by each 10, 15 or 20 children, respectively. Moreover, where there are vacancies or the temporary absence of a worker, the existing wage fund can be used for establishing additional payments for an increase in work volume.

The decree legislatively strengthens the 17 January 1990 Order No. 45 of USSR Gosobrazovaniye [State Education], which announced the right of labor collectives to employ progressive systems for the material stimulation of workers attached to public education institutions. In particular, the establishment of bonuses for high achievements in the training and instruction of students, in amounts up to 50 percent of the wage rate (salary), and additional payments for working at more than one profession (position), expanding the zone of services or increasing the volume of work carried out—with no limitation being placed upon the amounts or lists of these additional payments.

Authorization has been given for allocating additionally up to two percent of the planned wage fund for awarding bonuses to workers attached to pre-school institutions. A savings in the wage fund will remain at the disposal of a labor collective and is not subject to withdrawal or crediting for a subsequent period.

The list of workers for whom an additional payment in the amount of 35 percent of the hourly wage (salary) has been established for nighttime work has been expanded. This includes duty teachers, day nursery teachers, assistant teachers, duty teachers who operate according to a special regime and senior duty teachers attached to public education institutions.

In connection with the adoption of the decree, the wages of teaching and leading workers at pre-school institutions are raised by 30-35 percent and that of assistant teachers—by more than 50 percent. In the process, the labor collectives retain the right to increase the wages of workers by establishing bonuses for them for high achievements in carrying out their work and additional payments for carrying out, in addition to their own work, the obligations of other workers when the latter are

absent from their duty assignments. The plans call for tax benefits for those funds used by enterprises (associations) and associations for raising the wages of workers attached to pre-school institutions. The conversion over to the new wage conditions is being carried out using funds of the councils of ministers of union and autonomous republics, local soviets of people's deputies, ministries and departments, institutions, enterprises (associations) and organizations.

Union Official's Comments

904F0185B Moscow UCHITELSKAYA GAZETA in Russian No 22, May 90 p 2

[R. Papilov, chairman of the Central Committee of the Trade Union for Public Education and Scientific Workers, comments upon the decree of USSR Goskomtrud and the AUCCTU]

[Text] We have waited a long time for this decree. Inflationary processes and growth in prices have negated all of the decisions adopted earlier aimed at increasing the wages of public education workers. Workers attached to children's pre-school institutions find themselves in an especially grave situation: their average wage is lower by a factor of 2-2.5 than the average wage throughout the country. This factor and also the weak material base, the shortage of teachers and their assistants and the absence of the conditions required for normal operations have brought about an increase in social tension in the collectives.

Unfortunately, the plan for economic and social development in the USSR during 1990 did not take into account the recommendations of the trade union's central committee with regard to examining the system for financing public education.

In March of this year, we furnished the country's government with the requirements for adopting priority measures aimed at raising wages and improving the working conditions for public education workers and we advanced a proposal calling for negotiations with the government on methods for lowering social tension in the branch.

Unfortunately, the USSR Sovmin [Council of Ministers] declined to engage in direct contact with the trade union and it tasked subordinate organs, including USSR Gosobrazovniye with responding to the trade union's Central Committee. The circle was drawn tighter. The administrative-command bureaucratic machine, which was created decades ago, was placed in operation.

At the same time, the tension increased. Primarily in the weakest and most neglected element of the branch—the system of pre-school training. In Moscow and in Moscow, Arkhangelsk, Donetsk and other oblasts, conferences were conducted for the collectives of children's pre-school institutions, during which requirements were advanced for finally solving some of the branch's more urgent problems. In Moscow, the decision was made to

carry out a preventive strike on 14 May. The trade union organizations in practically all of the country's territory proclaimed their solidarity with the muscovites and they were supported in this regard by the trade union's Central Committee.

And finally the governmental decree was adopted. It calls for a considerable increase in the financing of the branch and it creates the prerequisites needed for raising the level of logistical support for public education workers and for improving their working conditions.

But I wish to mention briefly the lesson which should be drawn from recent events. It is believed that an efficient mechanism must be developed for examining appeals addressed to the USSR Council of Ministers by such large social formations as the branch trade unions. These appeals should be examined by the Presidium of the Council of Ministers and not in the offices of the ministries and departments. There will then be a greater chance of avoiding an increase in the destructive social processes.

The campaign aimed at carrying out the requirements of workers attached to pre-school institutions revealed an inadequacy in the existing legal mechanism for solving collective labor disputes.

The 9th Plenum of the trade union's Central Committee, which convened in May, obligated the Central Committee, in the event of an increase in social tension throughout the branch, to undertake to coordinate the actions of the trade union committees in defending the rights and fair requirements of the collectives of teaching and educational institutions throughout the country as a whole.

Leningrad Migrant Work Force Problems Examined

904F0182A Leningrad LENINGRADSKAYA PRAVDA in Russian 15 May 90 p 1

[Article prepared by Ye. Slutskiy, member of the scientific council of the USSR Council of Ministers' board of social development: "Is It Easy to Be Young? Numbers, Facts and Opinions—The Social Aspect"]

[Text] We continue our discussion about young people's problems in Leningrad. (See LENINGRADSKAYA PRAVDA, December 24, 1989, and January 9, 1990.) It covers the socio-demographic picture, health and crime. Articles about these subjects were based on research reports of the USSR Academy of Sciences ISEP [Institute of Social and Economic Policy], statistical data and interviews with noted experts. Today, we discuss the issue of young migrants.

Migration has many causes. In some cases, they stem from differences in economic development between regions. In other cases, they result from the geographic concentration of educational institutions and schools. Regional differences in the living standard and quality of

life impact migration as well. There are other, socio-psychological causes, stemming from the desire to reach one's spiritual potential more fully or find oneself.

There are two diametrically opposed views on migration.

Some see migration in a positive light, claiming that it means freedom to choose where one lives, studies and works, and with whom. Migrants, as the most active part of the population, help disseminate broadly one region's traditions and customs in others.

The negative point of view maintains that migration impedes regeneration of the work force in less developed regions. Migration causes the youth problem in the countryside, the "bride shortage" and tortuous, complex problems of adaptation in the new place. If migration is massive, socio-economic conditions can become difficult, even in large cities. The psychological climate can change as well: some in the indigenous urban population develop a very negative attitude toward migrants, or those admitted under residency quotas, whom they blame for their city becoming more provincial and for the decline of the cultural level, the acute crime problem, the shrinking consumer goods market and difficulties with housing. Migration problems become even more acute when refugees appear.

But whether or not we approve of it, migration is necessary for any large industrial city or region. There is a major shortage of labor in Leningrad, to judge by countless help wanted advertisements on the doors of practically every plant, factory, construction organization and transport entity.

This shortage is currently being met primarily by migration. This means mostly out-of-town young people. The construction work force is made up almost exclusively of migrant young men and women. Up to 40 percent of those who come under the residency quota system go to work at industrial plants.

According to the data of the population and labor resources sector of the USSR Academy of Sciences ISEP, between 1970 and 1990 the net population increase due to migration amounted to 756,000 out of a total of 983,000; i.e., migration accounted for 77.2 percent of the increase, and natural population growth for 22.8 percent. In 1989, 144,000 people moved to Leningrad, while 125,000 moved out, with the net increase amounting to 19,200.

The main flow consists of migrants coming here to study, who add up to 60,000 a year. This trend will continue in the future. Training of specialists and skilled workers for the nation and the city itself is one of the main areas of expertise of Leningrad as a center of scientific and technological progress. For instance, until recently, over one half of the freshman class at Leningrad professional and technical schools consisted of out-of-town young people; at the schools of the ministries of the ferrous metals, machine building and textile industries that share was almost 100 percent.

The average age of our migrants is 20-22 years. Most new arrivals are found in the 17-18 years group. Overall, even in the 1979 census, over one half of Leningraders, or 53 percent, were born elsewhere. Now, their share is probably even greater.

In essence, migration to Leningrad is maintained artificially.

A large share of quota residents, unhappy with their labor and living conditions (their lot is mainly manual and unskilled labor, and they have a very remote chance of getting housing), leave Leningrad without waiting for that coveted permanent residency permit. The new economic management system does not make the situation better. Enterprises find it cheaper to use quota workers rather than modernize production, build housing and improve living conditions.

Results of sociological studies by the USSR Academy of Sciences ISEP show that out-of-town young people are at their most productive approximately a year after coming to Leningrad. Later, their interest falls off and young people no longer exert themselves fully. Social apathy settles in, related to the lack of real possibilities to improve their living standard and housing, even after they get their permanent residency permits: some young people stay in dormitories.

The departure of out-of-town young people is related, naturally, to their being drafted in the Soviet armed forces: in industry, 35-40 percent of skilled workers are technical school graduates from the same year. Overall in this sector, up to one half of the year's graduates of professional and technical schools leave the ranks of skilled workers.

This was probably the reason why in 1988 the Council of Ministers reduced the new residents quota for the Leningrad industrial region by 20,000. But since a considerable sum must now be paid to the municipal treasury for every new out-of-town employee, only 8,500 people got temporary residency permits. Last year, according to the Central Address Desk (TsAB), 6,671 people got their residency. Most of them held jobs in industry and construction.

In connection with educational studies, 63,694 people got temporary residency in Leningrad in 1989.

Migration also gets a boost as local young people leave industry and join cooperatives and the individual labor sector.

On purpose or not, conditions for migration have been created in Leningrad. Now, other kinds of problems arise. Chief among them is that of living conditions for migrants.

Most migrants live in dormitories. Our city has a total of 559 dorms, 167 belonging to institutions of higher learning, 35 to technical schools and 89 to professional and vocational schools. In college dorms, there were 93,909 students last year, in technical school dorms

10,452 and in vocational school dorms 19,082. On average, 35-40 percent of them were first-year students. Existing dorm space is sufficient to house no more than 80 percent of migrants.

Conditions at the dorms are very unsatisfactory. As of January 1, 1990, 641 vocational school students could not get residency in dorms because their dorms failed to pass sanitary inspection (there were 191 such students in the oblast overall); 3,415 college and specialized school students study and live in the city without permits. This repeats year after year.

Rights of out-of-town young people are violated on a massive scale. Since they have no residency permit, migrants are ineligible for visitors' certificates or special permits to purchase food and consumer goods; they are not allowed to use outpatient clinics or libraries. A study has shown that the same educational institutions repeatedly violate passport regulations. They are the Leningrad mechanics institute imeni A.F. Ustinov, the construction engineering institute, the pedagogical school imeni A.I. Herzen, the nursing school No. 7, the surveyors' school, the Arctic school, vocational schools Nos. 27, 15 and 62 and special vocational school Nos. 51 and 120.

The situation is getting worse. Last year, the number of students at the Leningrad finance and economics institute living in the city illegally doubled from the previous year. As of January 1, 1990, 438 students lived in its dorms without permits, of which 46 were foreigners. Lack of good housing and residency permits resulted in violations of the rights of out-of-town young people, leading to a November 1989 rally in which representatives of 23 colleges took part.

P.P. Popov, chief of the passport department of the Leningrad Oblast and city ispolkom GUVd [chief internal affairs administration], said that 34 officials were convicted last year on the administrative charge of passport regime violation for admitting students to colleges and dorms. But the situation remains unchanged.

Poor sanitary conditions at dorms and lack of normal facilities for life and leisure cause young people to behave asocially and antisocially. According to sociological studies of the USSR Academy of Sciences ISEP, one third of young men and women prefer to do absolutely nothing on their time off—just hang out.

According to A.N. Shved, department chief of the GUVd criminal investigations department, dorms are a hotbed of crime in the city.

Let us turn to statistical data. Last year, according to the GUVd, 1,564 dormitory residents committed crimes. This includes 483 persons arrested for murder, attempted murder and inflicting severe bodily injuries, 33 for rape, 175 for theft of public and state property and 404 for theft of private property.

Last year, 3,259 crimes were reported at city dorms, mainly drunkenness and hooliganism. Most active in crime were young workers and vocational school students aged 16-24 years.

There were pace-setters among city dorms, such as the dorm of the Leningrad housing and municipal construction school, which houses girls aged 15-17 years. Officers of the 11th militia precinct of the Frunzenskiy Rayon internal affairs administration had to answer 8-10 calls a day from the dorm and two or three crimes a week were reported there.

The predicted rise in the share of young people in the demographic structure will not reduce the migratory influx. This is because Leningrad industry refuses to restructure and will continue to need quota residents for low-level jobs, young people continue to shift to the cooperative movement (which results in an outflow of workers from the city's industrial enterprises) and out-of-town young people themselves make a contribution to the increased birth rate in the city.

Migration is one of the most important means of urbanization; the movement of rural and small town population into huge megalopolis occurs the world over. The USSR is no exception. Migration allows rural young people to raise their social status and develop spiritually. Ultimately, it helps tap more fully the social and labor potential of the population, while allowing industrial regions to develop more rapidly.

This is why problems of intensive migration must not be blamed on the bad behavior of young people. The problem is that we in Leningrad lack scientifically developed, effective migration policy for young people. And in the country as a whole, the placement of professional training school in large cities is very poorly thought out and ties between the educational system and housing facilities are not coordinated.

There is one more aspect of this problem: it is our country's system of residency permits and internal passports, not found in most other civilized countries.

The existing economic system continues to encourage the growth of large cities and frustrates, according to sociologist M.Kh. Titma, young people's desires to live in small towns and in the countryside. But, says G.M. Romanenkova, sector chief of the USSR Academy of Sciences ISEP, regional economic accountability in Leningrad will allow local authorities to plan the size of labor resources and urban population based on expenditures on job placement and on social services norms.

Unsolved housing, transportation, food and other pressing problems make the uncontrolled migration-related growth of the city's population very dangerous. The main danger is the possibility that thousands of young lives would be wrecked by numerous disappointments and collapsing of life's plans and hopes.

Efforts To Keep Drifters From Shadow Economy Inadequate

904F0169A Moscow PRAVDA in Russian 19 May 90
First Edition p 2

[Article by Mikhail Volkov: "Do Not Become a Bomzh...."]

[Text] In the train station square, a couple stood out sharply among the hubbub of people meeting others, seeing others off and departing. Ragged, cast down, unshaven and pretty flabby, the man was wearing enormous ill-fitting boots and had a torn string-bag filled with empty beer bottles. The tall, shriveled up woman of indeterminate age was wearing a patched and repatched dress. They were in a hurry to get nowhere. Having settled themselves comfortably on a bench, the two argued over whose turn it was to go and return the packaging to the stall. They were clearly getting angry, spicing their arguments with salty words, completely oblivious to the respectable public that was hurrying in different directions. Nevertheless, no one had anything to do with them.

The picture, you will agree, is a usual one. Bomzh [persons without a definite place of residence] are in the south. By summer, they set off from excessively hot Turkmenia for the cool grain-producing oblasts of Kazakhstan and Siberia and the center of Russia. There, just as here, no one pays the slightest attention to them: who feels like communicating with people who have gone to seed....

What should be done with them? On this score, the employees of the recently established department for individual preventive measures in one of the republic's MVD [Ministry of Internal Affairs] administrations have a quite definite opinion: each of us should do everything we can to prevent the large bomzh detachment from increasing.

This is easy to say.... Nevertheless, let us think about it. Actually, how does the formation of a bomzh take place? Specialists are convinced that most frequently it occurs in two ways. First, an individual ruins himself by drinking or becomes a drug addict for any number of reasons; subsequently, compulsory treatment follows. Second, he commits a crime and finds himself in places that are not so remote. Leaving the gates of the correctional institution, he has a chance to get back on his feet. In both cases, an opportunity is given to us and you to extend a helping hand to the individual.

Do we stretch it out? I will read a phrase from a report: "The list of enterprises accepting parasites for work has been approved.... For far-fetched reasons, however, the administration refuses to accept them for work." The document was written by USSR MVD workers and contains an analysis of the situation that has taken shape in Turkmenia. However, can one single out one republic? Of course not. The attitude toward people

without any definite occupation and residence is certainly almost identical everywhere.

N. Nasonov, the deputy chief of the department for individual preventive work in Turkmenistan's MVD, has said: "A curious practice has taken shape in Ashkhabad's Sovetskiy Rayon. The rayispolkom invited at the same time the economic directors of those collectives, which are short of workers, and persons, who had been released from colonies and labor correction camps. It was only in this way that they managed to place some people in a job."

However, you will not be nice using force. A sad statistic comes from this. According to statements, the shortage of workers is designated by a five-figure number in Ashkhabad alone. However, 288 bomzh have already been refused work, although there are quite a few specialists among them with truly golden hands. Among the people, they are called—not without reason—the victims of stagnation: it was difficult for an individual with abilities to keep his dignity under the complete rule of strict egalitarianism. The system itself crushed and destroyed him. However, excessively enterprising businessmen in the shadow economy—this is no secret to anyone—picked up those, who were in despair, and those workmen, who had let themselves go to seed, at the railroad stations and gates and forced them to work for a meager salary, basically payment in kind. They succeeded.

Is it really possible that now, when such rich opportunities are opening up for gifted people, we will not help them to get back on their feet? For this purpose, a special preventive service has again been established in all internal affairs agency subunits after long years of contempt. In many regions, centers exist for the social adaptation of people who have lost socially useful ties and who do not have any close relatives. Two of these centers have been opened in Turkmenia based at the dormitories of the Marykhimstroy Trust and Turkmenkhimstroy Trust special commandant's office.

Nevertheless, the problem cannot be solved, of course, by law enforcement agencies alone. The active help of all society, especially that of all soviets and their special observation commissions, is required. These have still not found themselves. Frequently, they do not have a good command of the situation and use their authority extremely rarely to straighten out the fate of an individual who has stumbled. It is time to turn our attention toward him and not allow him to become a bomzh.

EsSSR Workers Seek Jobs in Finland

904F0162A Moscow KOMSOMOLSKAYA PRAVDA in Russian 11 May 90 pp 2-3

[Article by correspondents G. Sapozhnikova, in Tallinn, and Ye. Kalyadina, in Helsinki: "To Europe for Easy Dollars: Last Year, Some 2,000 Estonians Went to Finland to Work; Some Went Illegally; Why?"]

[Text] That I would never make a good intelligence operative I could have more or less guessed. But I never expected the operation to fail right at the start. The plan was excellent. On assignment from the newspaper, I would get in touch with a firm and get recruited to Finland for a month or two. As a dish washer, for instance, or a laundress. Then, I would describe in the newspaper how Soviet unskilled laborers fare in a typical capitalist country.

The project began very nicely. In the newspaper ESTI EKSPRESS I found an advertisement: "Young ladies aged 18 to 30 years: If you want to get work in Finland in the service sector, please get in touch." I sent a letter.

Next morning I got a telephone call. Half-asleep I grabbed the receiver. A pleasant male voice asked me in Estonian: "Is it an office or an apartment?" "No," I answered without giving it a thought. "This is the KOMSOMOLSKAYA PRAVDA bureau in Estonia." That was, of course, the last call. Finland will have to make do without one extra unskilled laborer and I without convertible currency.

Something has changed in Estonian society in the past year or year and a half. Streets are full of foreign cars makes with Soviet tags. Newspapers are full of ads: "Wanted a house; payment in hard currency." Or, "Employment wanted; abroad." Six months ago, only construction workers and farmers were looking. Later, students, seamstresses and photographers began giving their addresses. (All exclusively for the purpose of practicing the language.) The "Georg Ots," on its runs from Helsinki to Tallinn, was getting increasingly weighted down with brand-name boxes. In society the itch increased, and ads grew desperate: "Looking for any dirty work; will agree to any terms; willing to pay half of the currency to the intermediary."

The geography grew broader. People no longer set their sights for Finland exclusively but aspired to go to the FRG, Australia and Canada. There was a young man with Christian values willing to assist Estonian retirees, except not in Estonia but exclusively in Sweden.

Migration abroad to seek work has become a social phenomenon. According to one sociological survey conducted in Estonia, two thirds of the workforce would like to work abroad. The main reason for this is, of course, our oppressive poverty. This is a fact. even after paying the middleman half of their wages earned abroad and even after working at the lowest-paying job, our citizens still gain. Of course, it hurts to know that Finns get 1,500 marks a month in unemployment benefits while we earn only 1,000 marks. But the fact is that it is better to be humiliated abroad for a month or two than at home all your life. I use the word humiliated on purpose, to mean that our graduates are willing to do any dirty work.

As to what dirty work means in Finland, I learned after Peeter Yohannson, director of the joint Estonian-Finnish firm "Servi," had explained to me for two hours the rules of a professional cleaning job. Last summer,

"Servi" decided to send 50 chambermaids from Tallinn hotels for training in Finland. Work at a Finnish firm starts with a lecture. A lecture to chambermaids? But nothing surprises me any more. "Our output is cleanliness," said respectable Peeter. (He used to work, by the way, for the Estonian CP Central Committee.) He showed me a brochure put out by "Servi Systems OU," their Finnish partner. The picture under the cheerful heading "This Was the Beginning" featured the edge of a familiar metal bucket, a termite-ravished floor and a quite modern (by our standards) broom. The text underneath it explained: "This was the way this service was performed in the past: it was hard work without proper tools or products." Now, to perform such services in Finland, our girls would better get a university degree in chemistry. Good technology, equipment and washing products, plus well-trained personnel, were the lessons Peeter Yohannson and his firm learned in Finland during the three months of training.

Upon returning from the training expedition, "Servi" signed a contract with the "Olimpiya" hotel. It supplied the cleaning staff (who, incidentally, were also trained in Finland) with everything necessary, from brushes and rags to soaps, gloves and a special hand lotion. As a result, one chambermaid on a regular floor cleans 11 rooms while one on a floor serviced by "Servi" 22! But do not think that their chambermaids are mad or workaholics. The trick is that they get less tired, even with this double norm, due to labor conditions and tools at their disposal.

All this I was told at the "Olimpiya" by the pretty chambermaid Eve. Eve wore a blue checkered apron and a blindingly white outfit. "Did you change especially for the interview?" I asked her. She laughed at me, because that was their uniform. After that, visibly pleased, she showed me various brushes, small brushes, a mop with a spinning head and some pleasantly smelling liquids. "We must study abroad to rebuild Estonia," was Eve's opinion. Her co-workers, young fellows doing a great job shining floors at the factory dining hall, did not stop working even for a moment while talking to me. Anti Pyder, Harri Podneks and Tynu Kattay explained their labor enthusiasm on Finnish soil in very simple terms: "There, you know that if you work a day you can buy a cassette player, a week, a video recorder. A year there is equal to a lifetime here." The fellows fear to lose their "low prestige" jobs which are properly rewarded in the foreign country, and this is the difference between working there and working here.

This year, "Servi" once again intends to send a team to Finland. Even though recruitment was never announced, there were five contenders for each position. Some were teachers or lawyers. Peeter Yohannson rejected such candidates out of hand. He hopes that the work of teachers and lawyers would one day be properly rewarded here, as well.

Yet, everyone wants to be happy, and soon. Since it is rather difficult to get into official groups going abroad,

people seek illegal ways. This is why Estonian weekly publications are full of ads seeking jobs abroad. It is hard to understand, however, to whom they are geared. No legitimate businessman would seek help in this manner. Moreover, people hoping to get work without official permits cannot hope to get assistance in case of illness or accident, and they are easily taken advantage of. In those cases, the government is not liable, and there is nothing to complain about.

There are two other channels used by Estonian workers to get to Finland and they are more stable. At joint ventures, Estonian workers get paid on an equal basis with Finns. There are, however, differences. For instance, some firms appropriate 50-60 percent of the hard currency their employees earn abroad, and some only pay travel and expenses. Things are not easy at government enterprises, either. At the Rakvereskiy meat packing plant, for instance, those who want to study and work in Finland must enter a form of bondage. By contract, the worker must work at the plant for three years or pay R7,000. Opinions may differ on this form of serfdom, but the meat packing plant has a shortage of workers and training abroad is a form of inducement.

Interest in information on job opportunities abroad is so great that people are willing to pay enormous sums for a mere hint. Entrepreneurs have been quick to exploit this. The firm "Kerner," jointly with the institute of managerial personnel, has recently held a seminar, "How to Get a Job in Finland." The auditorium was filled to capacity despite a fee of R85 per person for a one-day event. Private entrepreneurs have also joined the fray: instances have been known when the money of trustful citizens disappeared together with the unknown intermediaries who undertook to get an invitation from some Finnish firm.

The government is also alert to these developments. Peep Rayt, chief foreign contacts specialist in the Estonian Ministry of Social Issues, showed me the theses of the draft law "On the Order of Exit of Estonian SSR Citizens for Study and Work Abroad." Among other things, the draft law set a tax on incomes. A worker earning R3,000, for instance, must pay the republic R950, plus 45 percent of the total money earned. What for? The Ministry of Social Issues is not an employment agency. Peep Rayt explained to me that this was because the state had paid for the worker's education. It may be morally right from the point of view of the state, but not from the point of view of the individual. With such taxes workers will simply seek illegal means of earning hard currency.

At first, Estonian press reacted to this phenomenon negatively. Many lofty words were written about national pride. But what do people my age care about national pride if their concern is not how to live but how to survive? Let passenger cars and video recorders get here by this route, if there is no other one. There is no need to criticize people if they do not bring back from foreign countries work tools or agricultural implements

but consumer electronics. It is natural. First, we must raise the living standard of society and create decent living conditions.

I ask myself: would I go abroad for a month or two to work as a governess, a dishwasher or a nurse? And I am totally sincere when I answer myself in the affirmative.

How does the plight of Estonian guest workers look from the other side of the border?

Upon coming to Helsinki I immediately asked my more knowledgeable colleagues to introduce me to Estonians working here. Unfortunately, it was useless. It turned out that such visitors try not to attract unnecessary attention to themselves, especially from journalists. The cause of this is not just mistrust for cavalier pens. The most important reason is that many work illegally, i.e., without a special permit from the Finnish Labor Ministry. It is a direct violation of the country's laws for which both employees and employers may be penalized. As yet, there has been no judicial inquiry: Finnish authorities simply prefer not to notice such violations.

In recent years, Finland, especially its southern regions, has suffered from a shortage of labor. Vacancies appeared primarily in positions not requiring complicated skills: street sweepers, chambermaids, nurses, nursery school teachers, low-level construction workers, farmhands, public transportation drivers, etc. Finnish businessmen started to look at neighboring Estonia as a partner to provide cheap labor. The stress is on cheap. For their work, Estonians get smaller compensation than the unemployment subsidy. And the fact that they are quite happy with this pauper's wage (by local standards, of course) comforts the Finns for breaking the law.

But I do not want to get involved in discussing Finnish laws. I want to discuss our Soviet laws. I mean the law on the order of exit and entry to the USSR which, in its draft form, is before the current session of the Supreme Soviet. It is no secret that many countrymen hope to try their business luck abroad once the law is passed.

I know that many readers will not think me patriotic. However, I think that the export of labor from the USSR is a totally natural phenomenon. Moreover, it is absolutely necessary, given our economic plight. "Perhaps the gravest of all crises that have struck the Soviet economy is the crisis of professionalism." I quote this idea from an IZVESTIYA article by A. Kamenskiy, candidate of economic sciences, in order to register my complete agreement with it. Good professional training for our compatriots in labor markets abroad could, in my opinion, lay the groundwork for a leap forward for our economy. To say nothing of the material benefits of replenishing the state hard currency till with the help of migrant workers.

The fact that the labor market has gone international is accepted the world over. We are an exception. It may be high time to join in. I think that it makes sense to start with regions where such processes have already begun

from below, so to speak. With Estonia, for instance. I decided to share these thoughts at the USSR Embassy in Finland with a man who has recently assumed a new position there, that of a counsel representing the Estonian SSR Ministry of Foreign Affairs. He, Yukhannes Yokhansen, is responsible for protecting the rights of his compatriots working in Finland temporarily.

[Question] How many such guest workers are there in Finland?

[Yokhansen] We do not have exact figures yet, since we have no bipartite agreement on labor exchanges. It is to be signed in the future and we are working on it. The Finnish side has recently suggested that they could accept some 20,000-30,000 workers, not only from Estonia but from other neighboring regions as well.

[Question] How do you view this problem in general?

[Yokhansen] I do not think it is warranted to call it a problem. It is a normal development that must be legalized. By the way, the first step toward official recognition has already been made. The Estonian Ministry of Social Issues has passed the decision to make sure that those who go to Finland to work have official contracts with their employers approved by the Finnish Labor Ministry and trade unions.

[Question] But Finnish employers themselves are probably not very keen on official supervision. It is cheaper without it.

[Yokhansen] This is true. But signs of concern are already seen in Finnish society. There is an opinion that the willingness of Estonians to work for such a low wage will lead to chaos in labor markets. Unions are gradually starting to protest. The law must step in to prevent the situation from degenerating into a conflict.

[Question] In any case, the main interest in Finland is cheap labor. But it can be attained by the old and tried method, namely by using the numerous Soviet-Finnish joint ventures, of which there are more than a hundred, if I am not mistaken.

[Yokhansen] Yes, but their profitability is still low. At times I think that such joint ventures are formed to satisfy the interests of their Soviet managers: they travel from country to country to meetings while society gets no benefit from these travels.

[Question] Can it be then assumed that the failure of our joint business activity forces the Finns to turn to unofficial means of cooperation?

[Yokhansen] No, these are independent processes. The point is to make both of them useful for both countries.

[Question] In Finland, there is a problem of unemployment, too, even though it is not as acute. The influx of labor will probably do nothing to solve it.

[Yokhansen] The unemployed in Finland are not hurt by Estonian guest workers. One must understand what it means being unemployed in Finland. The solid social security system in that country leads to a situation whereby many people, living rather well on their unemployment benefits, do not even want to look for work. In addition, Finland currently has an acute need for highly trained personnel with modern education, such as computer programmers. Demand for our specialists is stirring.

[Question] But will this demand not turn into a brain drain for Estonia?

[Yokhansen] There is some such danger, of course. Official agreements are meant to remove it. But let me stress that our main profit from establishing such contacts with Finland is to raise our own professional level.

[Question] Is the increased influx of Estonians to Finland related to the recent political events in the republic?

[Yokhansen] No. The broadening of contacts is due more to the general change of political climate both in

our country and in the world. Business travel alone from Tallinn to Helsinki rose over 20 times in just one year, to say nothing of tourism. But the period of early enthusiasm seems to have ended.

[Question] In my view, articles appearing in the Finnish press are also far from euphoric. They openly worry that the influx of visitors from Estonia presents serious dangers to that country: growing crime, black market and prostitution. My acquaintances among Finns told me that xenophobia is spreading among the people. I was even told at the Finland Peace Committee that because of this they are preparing a special anti-racist rally. Would such developments not put an end to good intentions?

[Yokhansen] I agree that it may become a problem. Incidentally, this was precisely the reason why the Finns have refused to sign an open border agreement with us. I think, however, that such relations are a matter of time, although not a very short time. As yet, Finland is not ready to throw its doors open to us.

RAIL SYSTEMS

Railway Line Chief Reviews Track Maintenance, Safety Issues

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[Article by N. F. Mitin, chief of the Lines Main Administration, Ministry of Railways: "Track Reliability and Traffic Safety"]

[Text] Drastic and long-term steps to fundamentally improve track condition were set forth by Ministry of Railways directives Nos 267-U of 17 June 1989 and 480-U of 30 December 1989. Are the Lines Main Administration and the railroads implementing them fully? Unfortunately, no. The continuing increase in the number of warnings about limiting train speeds, the significant number of wrecks and accidents caused by line workers, and the low labor and technological discipline of a number of subdivision and PMS [track machinery service] employees attest to this, first of all.

The main lever for increasing track reliability at present is the transfer of line enterprises to a collective contract and improvement in social conditions, that is, the development of strong, efficient subdivisions and track machinery services. How is this task being carried out?

The Collective Contract

Last year, despite the fact that the Lines Main Administration devoted a great deal of attention to introduction of the brigade contract, we did not manage to increase the number of repairmen. However, for the first time in many years the number did not decline. Some 19,600 employees were added in four months this year. Staffing of the subdivisions increased on average from 55.5 percent to 62.8 percent. The average wage was also increased to 326.9 rubles.

Repairmen are being replenished successfully on the October, Gorkiy, Donetsk, Lvov, Southwestern, West Kazakhstan, Alma-Ata, East Siberian, Krasnoyarsk, and Baykal-Amur Railroads, where the contingent was increased by 12 to 22 percent, and on the Central Asian Railroad, where it was even increased by 30 percent. A great deal depends on the railroad managers here. For example, when the brigade contract began "slipping" on the Donetsk Railroad, the chief of the mainline dealt with everyone who was impeding its introduction. They quickly took on an additional 783 repairmen (16 percent) in just three months.

Where the transition to new forms of work organization is accomplished in a businesslike manner, there is also progress. Thus, the track is given a rating of 30 points in the Lozovaya Subdivision of the Southern Railroad. The rating is excellent and good in the Kuznetsk and Beloretsk Subdivisions (Kuybyshev Railroad), in the Zima, Cheremkhovo, and Myski Subdivisions (East

Siberian Railroad), and the Belovo, Anzhero-Sudzhensk, and Prokopyevsk Subdivisions (Kemerovo Railroad). The contract is helping.

The quality of track maintenance as a whole has been significantly improved on the Baltic, Belorussian, Odessa, Southern, Donetsk, Dnepr, North Caucasus, Kuybyshev, Kemerovo, Alma-Ata, Central Asian, Krasnoyarsk, and Far Eastern Railroads—the evaluation of the track was 10 to 40 points less than the level assigned. On the Volga Railroad, the shift of track workers to a brigade contract helped to reduce the point level by 107 units below the level assigned. On a number of railroads, there were less warnings about limiting train speeds.

Unfortunately, the effectiveness of the contract is not realized everywhere. The number of repairmen was reduced by 23 on the Southeastern Railroad in the first quarter because of this, for example. Over the four-month period, the number of repairmen barely increased on the Moscow Railroad, the number was increased by just 315 on the Northern Railroad, and the number was increased by eight percent on the Far Eastern and Transbaykal Railroads.

As difficult as it is to admit, the chiefs of subdivisions and their management staff have become the main obstacle to extension of the contract, since their salary turns out to be lower than the track repairmen. Friction is also developing between managers and workers. The solution to this is to shift the entire collective of a subdivision to a contract. It must be done so that the wages of "the managers" depend on the condition of the track and traffic safety. The main administration is working out the appropriate recommendations. The services and subdivisions themselves can show initiative and begin studying this without waiting for them to make their appearance.

Housing

Line workers received 18 percent more living space in 1989 than in the preceding years of the five-year plan. On the Belorussian, Dnepr, Donetsk, North Caucasus, West Kazakhstan, Tselina, Central Asian, West Siberian, East Siberian, and Baykal-Amur Railroads, the program approved by Ministry of Railways order No 40Ts was implemented by 130 to 180 percent. However, the targets for the four-month period were fulfilled by just 80 percent in the railroad system as a whole.

Construction of housing for line workers was organized unsatisfactorily on the Transcaucasian Railroad (36 percent of the plan), the Southeastern Railroad (39 percent), the Volga Railroad (40 percent), the Gorkiy Railroad (45 percent), the Lvov Railroad (50 percent), the Moscow Railroad (52 percent), and the Northern Railroad (53 percent). And it is no coincidence that nearly all these railroads are undermanned with repairmen.

On the Alma-Ata, West Kazakhstan, and Tselina Railroads, all track machinery service employees and members of their families have been moved out of the railcars

and into well-equipped homes. More than 4,500 railway workers' families are still living in railcars in the railroad system as a whole. There are especially large numbers of them on the Lvov, Moldavian, Azerbaijan, Gorkiy, and Southeastern Railroads. We must put an end to this problem by 1993 in conformity with the All-Union Conference of Railroad Workers decision.

The main administration and the railroads are working out a comprehensive program to improve line workers' living conditions in the 1991-1995 period. It is planned to build more housing for the employees of subdivisions, the track machinery service, and other enterprises than in previous years. We must not overlook housing construction using our own resources, as well as individual home building. Many subdivisions and track machinery services resolved their housing problem long ago in precisely this way.

Mechanization

Last year 320 VPR-1200 and 206 VPRS-500 machines, as well as 183 motorized nut-drivers and the same number of straightening machines, were in use for current maintenance of the track. Some 35,400 kilometers of track and 41,900 switches were corrected, clamp and insert bolts were attached over 18,800 kilometers, and about 63,000 kilometers were aligned with this equipment.

The maintenance "windows" were utilized with better organization; 94.5 percent of the ones planned were made available. The average duration of a "window" was 1.66 hours, compared with 1.51 hours in 1988. "Windows" of no less than two hours were set aside regularly on the Belorussian, Donetsk, and Baykal-Amur Railroads, and three or four hours were made available on the South Urals Railroad. The output of VPR-1200 machines there reached 115, 111, 95, and 121.5 kilometers, respectively, while the average for the system was 86.7 kilometers.

The experience in organizing the operation of equipment during "windows" of three to five hours in the Kurgan Division of the South Urals Railroad is particularly instructive; the "windows" essentially became an integral part of the transportation process there, and the output of VPR-1200 machines was increased up to 210 kilometers.

In drafting Ministry of Railways order No 27Ts "On the introduction of mechanized track maintenance," we were guided by the number of machines to be delivered as stipulated by USSR Council of Ministers Decree No 401. Unfortunately, the targets were not completely fulfilled, but the decree was of benefit, all the same. Thus, while railroads received just 335 machines in 1985, they acquired 558 in 1988, 460 in 1989, and under the plan they should receive 703 in 1990. Eleven types of new machines were developed to implement this decree.

The manufacture of equipment has been organized well on the railroads. Thus, 24 Mashaya and Feldman

machines for cleaning ballast and removing earth from a structure and 20 machines for changing switches are already in operation. The South Urals Railroad has turned out 90 Balashenko straighteners and the Donetsk Railroad has equipped 136 ballasting machines and VPO-3000 machines with straightening devices. Last year 10 railroads made 23 machines for trimming ballast by the Ishchenko system and this year another 43 should be turned out.

In recent years, 209 link-assembly and link-disassembly lines were made on 15 railroads. In addition, the Ussuriysk plant is delivering 30 such lines. The railroads' orders are being met in full and assembly of the rail-and-tie grid has been mechanized.

The output of small machines is also being increased. In Kaluga, production of removable portal cranes to transport and replace 1,000 to 2,500 rails per year has been increased at the "Remputmash" Plant. Almost all railroads, with the exception of the Moldavian, Dnepr, and Baykal-Amur railroads, have organized their own manufacturing. This year line workers will receive 8,000 to 9,000 such devices. The aim is to bring the output up to 20,000-25,000 units annually.

Ministry of Heavy Machine Building plants delivered 55 abrasive cutters capable of sawing through a rail in one minute for the first time in 1989. Production of them will be increased, but not in the quantity needed. Up to 4,000 are required in a year. Cutters such as this are also being made on the railroads, except the Lvov, Moldavian, North Caucasus, Azerbaijan, Transcaucasian, and Baykal-Amur Railroads—200 to 250 units annually, which is extremely few. Further work will have to be done to organize the manufacture of machine tools on the railroads. The establishment of new PDM's [track maintenance shops] and expansion of the existing ones should help here.

Track maintenance shops were organized in 1989 on the Sverdlovsk, Krasnoyarsk, East Siberian, and Baykal-Amur Railroads. In the 1990-1991 period, they will be finished on the Azerbaijan and Dnepr Railroads, and all railroads will have such enterprises. A program was then worked out to expand and renovate the PDM's.

Plants in Novosibirsk, Kemerovo, and Tomsk have begun making a highly efficient rail drill. The first 100 units will be turned out this year.

In increasing the production of track machinery, Ministry of Heavy Machine Building plants cut back on the delivery of rail trolleys, including ones for line workers. It is planned to begin the manufacture of load-carrying rail trolleys at the Perm PRMZ [Track Machinery Plant] in 1992.

The Lyudinovo Diesel Locomotive Plant has agreed to begin series production of motorized railcars in 1992. The plant also plans to organize the manufacture of auger-type rotary snow blowers based on the K-700 tractor. The following year the Moscow Fan Plant will

begin delivering powerful blowers especially designed to remove snow from the tracks.

Warnings

The condition of the track on 16 railroads is steadily improving. The rating of nine mainlines is at the same level as last year. But the rating is worse on seven railroads: by 89 points on the October Railroad, 49 points on the Gorkiy Railroad, 26 on the Northern Railroad, 29 on the West Siberian Railroad, and 81 on the Baykal-Amur Railroad. On the two smallest lines—the Transcaucasian and Azerbaijan Railroads—the evaluation is 500 to 800 points! In the system as a whole, the condition was 5.5 points worse in April than last year.

The number of warnings to limit train speeds because of track condition has increased by 400 to 450. Line workers on the October, Moscow, Gorkiy, Southwestern, Kuybyshev, Sverdlovsk, South Urals, and Baykal-Amur Railroads were primarily responsible for their increase. However, this happened mainly because of the increased number of defective rails (lateral wear on curves), especially on the Gorkiy and Northern Railroads (110 kilometers on each), as well as unstable areas in the roadbed, primarily on the BAM (Baykal-Amur Mainline)—300 warnings. The increased number of rotten ties and shifting beams on many lines has had an effect as well.

It is planned to deliver 136 kilometers of new rails especially for curved sections on the Transbaykal Railroad; rails will be provided for 60 kilometers on the Kemerovo Railroad, 40 kilometers on the West Siberian Railroad, 50 kilometers on the Kuybyshev Railroad, and 30 kilometers each on the Gorkiy, Lvov, and Far Eastern Railroads. The Lvov, Transbaykal, and several other mainlines will receive 500 rail lubrication units this year.

The number of warnings issued because of defective switches is steadily declining: by nearly 30 percent over a two-year period. The delivery of switch units will be increased by 3,000 this year; this will make it possible to reduce the number of speed restrictions even further.

The number of warnings is one of the main indicators in our work. There are resources to improve it, wages are satisfactory now, and we simply do not have the right not to cope with this task.

Track Repair

Last year 93.75 percent of the major repair plan, 99.6 percent of the medium repair plan, and 95.7 percent of the grade repair plan were fulfilled. At the same time, because resources allocated for the railroads were dispersed and utilized wastefully, the track was not restored to normal condition on the major routes from Moscow to Leningrad, Moscow to Kursk, Kharkov to Lozovaya, Rostov to Mineralnyye Vody, and Isil-Kul to Bolotnaya. This happened for the first time in many years. Interruptions in the delivery of materials for the line superstructure had an effect as well, of course.

A more intensive plan has been approved for 1990, although the main administration has not assigned it for the railroads; it has only notified them of the resources allocated. Capital repair must be carried out over 13,185 kilometers, which is 938 kilometers more than in 1989, to normalize the lines. Many track maintenance services have begun the season successfully. But because of problems with the delivery of materials, especially wooden ties and clamp and insert bolts, 200 kilometers less were repaired over the four months than in the same period last year. The system continues to be shaken by the excessively long "windows." By not managing to organize their work properly, line workers on the Transcaucasian Railroad overextended seven "windows" for 26 hours; six were overextended by the Southeastern Railroad for seven hours, seven were overextended by the Central Asian Railroad for seven hours, and five were overextended by the October Railroad for 12 hours.

A number of track maintenance services evidently forgot the rule: if you are not ready for the "window," don't start, and if there has been a disruption, reduce the volume of work, but don't overextend the "window." After all, it is not the "window" itself but its overextension that hurts train traffic.

The quality of major repair is not improving. In the race to complete work, the depth of ballast cleaning is being underestimated. And the existing machines are in no condition to clean the ballast with high quality at the pace needed. It is planned to develop three new types of machines. The first machine for cleaning ballast when the track grid is removed has been manufactured by the Bryansk Irrigating Machinery Plant. It is being tested on the Southwestern Railroad.

Development of a powerful ballast cleaner mounted on rails is moving ahead. This is essentially an entire ballast plant. An order was placed with the Murom Locomotive Plant for the manufacture of a machine to clean the ballast under switches; the first three of them should make their appearance by the end of the year.

More than one billion rubles have been spent over the past 10 years for major repair of the roadbed. However, its condition is not adequate for current operating conditions over considerable distances. In order to reinforce the bed, it is necessary first of all to remove a large amount of the draining soil, mainly "from the wheels."

Some eight million cubic meters of soil were removed in 1989 because of additions to the fleet of dump cars (from 2,600 to 4,000 over a two-year period). In the coming years, the volume of soil removed will have to be brought up to 25 to 30 million meters annually, and another 8,000 to 10,000 dump cars will be required for this. In accordance with Ministry of Railways directive No 144-U of 29 May 1990, most of them will be sent directly to the line services for their use.

Supply

Railroads were delivered 590 kilometers of rails less than specified in 1989. The situation was even worse with wooden ties and switch and bridge beams. Ties and beams have been included in the state order this year, but less progress is being made to conclude contracts for their delivery than last year. Ministry of the Timber Industry enterprises are refusing to conclude contracts and are not fulfilling their commitments. The Alma-Ata, Tselina, Gorkiy, Transcaucasian, Lvov, and North Caucasus Railroads have delayed the conclusion of contracts. As a result, the railroads have received only 58 percent of the required number of ties, 50 percent of the switch beams, and 56 percent of the bridge beams over the four-month period in 1990.

How do we rectify the situation? First of all, we must introduce the positions of deputy chief of a line service for material and technical supply, supply employees, and lawyers on all railroads; otherwise, it will be difficult to accomplish anything. This cannot be delayed.

Further. With the very critical shortage of wooden ties, it is extremely necessary to repair and reinstall the ties that are many years old. Over the past two years, the number repaired has declined. At the same time, even the tie repair shops that have been equipped have a poor workload, and some have been closed altogether.

We can and must reuse a minimum of 50 percent of the ties removed for major repair. Because of the lack of supervision by line services only 11.4 percent of the ties have been reused on the October Railroad, 14.1 percent have been reused on the Azerbaijan Railroad, 17.9 percent on the Baltic Railroad, and 21.8 percent on the Moscow, North Caucasus, and Southwestern Railroads.

Railroads have been assigned the targets for repairing ties in the 13th Five-Year Plan. The deputy chiefs of railroads for lines should supervise their fulfillment. The tie repair shops that are closed on the October, Moscow, Gorkiy, Moldavian, Kuybyshev, Transcaucasian, and Southeastern Railroads must be restored. The manufacture of equipment to replace what is worn out is being organized at the "Remputmash" plants.

The old track grid with reinforced concrete ties to strengthen station tracks and main tracks with less traffic is being utilized well on most railroads. But there are no significant reasons why they cannot cope with the plan on the Volga, Central Asian, Tselina, and Southeastern Railroads, just their poor organization.

New Structures

The number of adhesive-bolt insulating joints manufactured in the 1986-1989 period was increased by 1.6 times as much (up to 52,000 units). This year production of them will be increased to 80,000 units, which will make it possible to practically approach the replacement of all the unreliable ready-made insulating joints.

The first large batch of disk washers was delivered to the railroads for the first time last year. The comments by line, signal, and power workers on the operation of joints with these washers have been very good. It is planned to make another seven million units in 1990, and the number turned out in 1992 will be increased to the estimated requirement—12 million units.

In connection with the development of traffic utilizing heavy trains, the need to replace the spike fasteners separately on sections with wooden ties is becoming more and more critical. The Ministry of Railways and the Ministry of Metallurgy have prepared proposals for the government to purchase the lines to manufacture such fasteners from other countries.

Traffic Safety

In the 12th Five-Year Plan, the mass of rails on a main track was increased by an average 1 kilogram per meter, totaling 61.9 kilograms per meter. The proportion of hardened rails was increased from 43.4 percent to 54 percent. This has made it possible to prevent deterioration in the gauge when the axle loads and mass of trains are increased. The number of train wrecks caused by line workers in 1989 dropped from 30 to 23, and the number of accidents attributed to them declined from 39 to 25. However, in the first four months of this year, the number of wrecks and accidents rose by nearly 1.5 times as much as in the same period in 1989. About 70 percent of them were caused by rail fractures, mainly on the sections where the line was in poor condition, that is, most of the wrecks and accidents resulted from the most flagrant violations of the requirements for track maintenance and inspection.

In order to improve traffic safety, the inspection and certification of crossings were completed and a combination of measures was developed to put them in good working order in 1989. The crossings are to be equipped with the most up-to-date devices. Thus, development of a photographic device to monitor passage through inhibiting signals is nearing completion. They will be introduced on a wide scale beginning next year. A device is being developed to detect obstructions on a crossing and to transmit an inhibiting signal to the blocking signals and locomotives. Work is being conducted on technical facilities to activate an automatic crossing barrier and monitor occupation of the crossing zone, the size of structures approached, and so forth.

In order to improve inspection of the lines and rails, a contract has been concluded with a number of enterprises in the defense complex to develop experimental models of high-speed monitoring devices using noncontact sensors, laser equipment and computer hardware.

All these steps make it possible to improve track reliability and the level of traffic safety. However, no equipment will help unless the employees are interested in improving the results of their labor. For this reason, concern for people should always be first and foremost for the managers of line services and subdivisions and the track maintenance services.

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